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# **Daily Report**

# **China**

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# Daily Report

## China

FBIS-CHI-93-052

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**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

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## General

### IAEA Gives DPRK Nuclear Inspection Deadline

OW1903095593 Beijing XINHUA in English 0930  
GMT 19 Mar 93

[Text] Vienna, March 19 (XINHUA)—The International Atomic Energy Agency (IAEA) has set March 31 as the deadline for the Democratic People's Republic of Korea (DPRK) to allow its inspectors to visit two nuclear reaction centers in the DPRK.

An IAEA news release said the decision was made at an emergency session of the Board of Governors of the IAEA on Thursday [18 March]. The session also asked the IAEA Director-General Hans Blix to "try with all means to contact with the DPRK and continue its efforts and dialogue (with the DPRK)."

A DPRK representative at the meeting again rejected the IAEA demand, which was first presented on February 25, to allow its inspectors to enter his country. It said the rejection was made out of military reasons.

The DPRK withdrew from the Nuclear Non-Proliferation Treaty on March 12 following the kick-off of a large-scale joint military exercise by the United States and South Korea, the "Team Spirit."

The DPRK signed the treaty in 1985. It later signed another agreement allowing IAEA inspectors to visit its nuclear centers.

### U.S., ROK End Joint Military Exercise

OW1903095493 Beijing XINHUA in English 0901  
GMT 19 Mar 93

[Text] Seoul, March 19 (XINHUA)—South Korea and the United States completed their "Team Spirit" joint military exercise on Thursday [18 March].

South Korean Defence Ministry spokesman Pak Chae-ul announced today that the U.S. units and equipment participating in the drill have begun redeployment to their home bases.

The withdrawal of the American soldiers and equipment brought in from Okinawa, Hawaii and the continental United States will be completed by mid-April.

The exercise, which started on March 9, had sparked strong protests from the DPRK. The DPRK's Committee for the Peaceful Reunification of the Fatherland said Thursday the U.S. should stop the "Team Spirit" exercise and withdraw its troops and nuclear arms deployed in South Korea to help relax the tension in the peninsula.

A week ago, the DPRK announced its withdrawal from the Nuclear Non-Proliferation Treaty in protest against the exercise. It said the withdrawal was also prompted by

the decision of the International Atomic Energy Agency's to impose a special inspection of two nuclear cities in its territory.

On the exercise, the South Korean Defence Ministry spokesman said, "This combined and joint exercise provided excellent training opportunities for the deployed units, allowed them to become familiar with combined operations and to ensure security of the South Korea."

The military exercise comprised a large-scale landing operation, a tactical demonstration of top-of-the-line aircraft, bombing exercises and field training maneuvers including a river-fording exercise and paratroop dropings.

South Korea and the United States suspended "Team Spirit" exercise last year to help create a favorable atmosphere for the high-level South-North Korean political talks.

The two military allies, however, decided to conduct the exercise this year mainly because the mutual nuclear inspections between the two Koreas were deadlocked.

### Clinton Administration, SRV Officials Meet

OW1903001993 Beijing XINHUA in English 2109  
GMT 18 Mar 93

[Text] Washington, March 18 (XINHUA)—The Clinton administration officials held their first high-level meeting with Vietnamese officials on Wednesday [17 March] in what the Vietnamese saw as another step toward normalized relations between the two countries.

U.S. State Department spokesman, Richard Boucher, today described the meeting between William Clark, U.S. assistant secretary of state for east Asia and Pacific affairs, and Trinh Xuan Lang, Vietnam's outgoing ambassador to the United Nations, as "a farewell call."

"It wasn't a new initiative or something," Boucher said. "It was a discussion between the two men of what had happened during the period of their tenure."

"During the call, Assistant Secretary Clark reviewed the steps taken by both countries, during their tenures, to resolve outstanding issues, including the prisoner of war and missing in action issues, and urging that Vietnam continue its ongoing efforts to resolve all the remaining issues," Boucher said.

But THE LOS ANGELES TIMES reported in today's edition that the Vietnamese officials hoped the meeting might be a prelude to a quick lifting of the U.S. trade embargo.

Le Van Bang, Vietnam's incoming U.N. ambassador, said on Wednesday in an interview that he hoped the meeting was a prelude to lifting the U.S. trade embargo against Vietnam, the TIMES said.

Last fall, the Bush administration took several steps toward normalizing relations with Vietnam after receiving what U.S. officials considered to be unprecedented help from Hanoi in identifying Americans listed as missing in action (MIA) during the Vietnam war.

Bush cleared the way for U.S. companies to open offices in Vietnam and to enter into trade or investment deals that would take effect whenever the U.S. embargo is lifted.

However, while the Bush administration officials suggested that they might be prepared to lift the trade embargo, they left office without doing so. They said they were disappointed that Vietnam had not handed over more remains of American MIAs.

#### **Report on UN-Sponsored Election in Cambodia**

*BK1803073193 Beijing China Radio International in Cambodian 1030 GMT 17 Mar 93*

[“Article”: “Holding General Elections in Cambodia in a State of Discord Causes Concern”]

[Text] With a final 15 votes in favor on 8 March, the UN Security Council [UNSC] unanimously adopted a resolution setting up the date for the general elections in Cambodia from 23 to 27 May. This means that the result of the Cambodian peace process, which has caused concern among people, is inevitable: that is, Cambodia is holding general elections in a state of discord with the participation of only three parties. The stance of the United Nations has always been to try to persuade the Party of Democratic Kampuchea [PDK] to take part in the peace process and in the general elections. This is the work the international community has been doing. However, the PDK has refused to soften and give up its long-standing stance; the Phnom Penh side recently launched armed attacks against the PDK; and UN Transitional Authority in Cambodia [UNTAC] has uncovered eight Vietnamese in the Phnom Penh Army. All this has made the PDK further harden its uncompromising stance. It should be said that general elections in Cambodia and peaceful national reconciliation is what the international community has long awaited. For this purpose, the United Nations has spent 2 billion U.S. dollars, dispatching over 20,000 personnel along with forces from over 50 countries directly taking part in this effort. This expense is about one fifth of the UN general fund for maintaining world peace since this body was set up 46 years ago.

If this enormous expense in terms of manpower, capital, and international forces fails to achieve peace and unity for Cambodia and fails to set up a national government elected by the people, it will not only further dampen the warmth and enthusiasm of the international community, which has been making efforts for peace, but will also greatly affect the image of the United Nations. It will affect the degree of people's trust in the ability of the United Nations to solve regional conflicts. It will also

prolong the Cambodian peace process and greatly increase UNTAC's expenses.

Therefore, the UNSC cannot wait for the PDK's change of position. Time is also running out for carrying out the three phases of the Cambodian peace process as stipulated in the Paris peace agreement, according to which the general elections in Cambodia not only require the participation of the four parties but also that the elections should be held after the second phase has been carried out, that is, opening up the zones controlled by the four warring parties and demobilizing 70 percent of all four parties' armies, before entering the third phase, that of general elections.

It is obvious that the UNSC resolution has partly altered the Paris peace agreement. Currently 4.7 million Cambodian people have registered for the elections with 20 parties competing in the coming May general elections for 120 seats in the new Cambodian National Assembly. To ensure that the general elections proceed smoothly, the UN Secretariat has called on 55 countries to send staff to Cambodia to observe the process. The five permanent members of the UNSC have also been asked to dispatch no fewer than 50 people for this purpose.

The imminent election campaign for the UN-organized general elections in Cambodia is about to start. However, people still find it difficult to be optimistic about a peaceful situation in Cambodia during and after the general elections. This is because all events point to the fact that the real situation in Cambodia is not appropriate for holding general elections immediately. The international community notes that first of all, UNTAC lacks sufficient power and competence to administer various Cambodian parties. UNTAC has failed to prevent fighting from breaking out and clashes from occurring inside Cambodian territory; it has also failed to persuade the PDK and the Phnom Penh side to listen to and obey the United Nations. Even the order to arrest seven murderers from the Phnom Penh side, accused of killing four personalities standing in the elections from Prince Norodom Sihanouk's group, cannot be carried out. How can UNTAC cope with the complex situation which could arise during or after the general elections?

Furthermore, holding the general elections in a situation in which Prince Norodom Sihanouk has refused to stand in the presidential election will certainly make the results of the elections in Cambodia difficult to predict, because in Cambodia at present, Prince Norodom Sihanouk is the most capable presidential candidate generally acknowledged by the people of Cambodia as such. If he does not hold the position of president, others would find it difficult to win general recognition from various warring Cambodian parties and from the international community. For this reason, setting up a government would also be a difficult task. Moreover, this would leave the PDK out of the general elections. The elections with only three parties taking part could trigger a confrontation between the parties of Prince Norodom Sihanouk, Son Sann, and Phnom Penh on the one hand, and the

PDK on the other. This would result in unending killing and internal war in the country. Even UNTAC representative Yasushi Akashi recently and openly admitted that he is not very confident that the general elections in Cambodia could proceed smoothly.

Thus, what should be done to ensure that the general elections in Cambodia, in which only three parties are taking part, ensure a peaceful situation in the country? This is an issue to which the international community is paying attention. This will also be a resolute test for the United Nations.

**Editorial on PRC 'Blame' for 'Spread of Weapons'**  
*HK1903063093 Hong Kong SOUTH CHINA MORNING POST in English 19 Mar 93 p 22*

[Editorial: "Up in Arms Treaties"]

[Text] Once again, China stands accused of selling weapons to unstable regimes in the Middle East and elsewhere. The United States has long worried about Beijing's role in arms proliferation. Despite former President George Bush's efforts to prevent a build up, the issue has regularly been dragged into the annual debate on renewal of China's Most Favoured Nation (MFN) trade status.

At the same time, there are concerns that a 15 percent increase in military spending well beyond official rates of inflation signal more than a cost of living adjustment on food and necessities for soldiers in uniform claimed by the People's Liberation Army (PLA). Not only the United States, but many Asian nations fear China is extending its reach, especially the regional influence of its navy. Vietnam in particular worries that purchases from the former Soviet Union, particularly Russia, are boosting its ability to intervene in the disputed Spratly Islands. Although Sino-Vietnamese relations are better than for many years, the memories of their 1979 border war and China's arming of Vietnam's enemies in Indochina are not easily forgotten. Beijing's links with the military in Burma and its naval facilities there are seen as a threat in South Asia too.

This time, however, the accusation is more sensitive. China is now being described as the country most to blame for the global spread of weapons of mass-destruction. Nuclear, biological, and chemical weapons are on China's sales list and its client states are among those the West tends to regard as the most dangerous and irresponsible. The issue has won cross-party support in U.S. Congressional hearings at a time when China can no longer rely on the political support of the Bush administration. President Bill Clinton appears ready to lend an ear both to Democrats in Congress and those in his own administration ready to hit out at China at any opportunity. Accusations that China is building up its own military muscle, fomenting trouble in the Middle East and Asia and, some suspect, aiming to fill the vacuum left in Asia by the collapse of the Soviet Union, support

the view of those who hope to punish Beijing through attaching conditions on its MFN status.

Mr Clinton is not desperate to stand up for China as his predecessor might have been. His nominee for Under-Secretary of State for International Security Affairs Ms Lynn Davis believes that China shares much of the blame for weapons proliferation even though Beijing has agreed to join the Nuclear Non-Proliferation Treaty and abide by the Missile Technology Control Regime.

The barrage of attacks on democratic development in Hong Kong, culminating in Hong Kong and Macao Affairs Office Director Mr Lu Ping's savaging of the Governor, Mr Chris Patten, on Wednesday will only have increased Beijing's international vulnerability.

China's positive role in attempting to pave the way for a compromise in the row over North Korea's sudden withdrawal from the Nuclear Non-Proliferation Treaty may however help to raise its credit. Beijing's influence with North Korea may have diminished since its normalization with Seoul last year but, following the collapse of the Soviet Union, it is virtually the only nation whose voice is still listened to with any real attention in Pyongyang. Its offer to mediate and the pressure it exerted on North Korea to start talking about possible solutions in direct talks with the United States in Beijing earlier this week will have won it points in Europe as well as in Washington. Japan's Foreign Minister Mr Michio Watanabe yesterday joined in with a call on China to intervene.

Useful though China's unique relationship with Pyongyang may be, it will need to do a lot more to counter the growing international disdain it has been building up by its weapons sales policies and its bullying of Hong Kong. Despite its growing military and political influence in Asia, China is still dependent on international goodwill for its continued economic growth. Though it has shown it is unwilling to thumb its nose at America, its trade sanctions against France over sales of fighter aircraft to Taiwan and yesterday's threat of trade sanctions against Britain over Hong Kong could further damage China's chances of joining the General Agreement on Tariffs and Trade in the near future. Unless China learns to act like a responsible member of the community of nations, Hong Kong can do little to ensure it does not lose that all important MFN status into the bargain.

**Envoy Calls For Aiding Third World Reforms**  
*OW1803223893 Beijing XINHUA in English 19 Mar 93 GMT 18 Mar 93*

[Text] Geneva, March 18 (XINHUA)—China today urged the developed countries to help the economic reforms in the developing countries by improving the "external environment."

Lu Ruishu, a Chinese representative, told the 39th session of the U.N. Conference on Trade and Development (UNCTAD) Board that the success of the reforms in these countries "depends heavily on the external environment."

He said the international community and particularly the developed countries should take ""effective measures to improve the external environment."

"Although the developing countries have made great sacrifices in their economic reforms, they have not received sufficient attention and support from the international community."

"They are faced with many obstacles in terms of market access, acquirement of technology and financial flow," the Chinese representative added.

The export of some major products of the developing countries encounter high tariff barriers in the developed countries, he explained.

Different kinds of non-tariff barriers of the developed countries in particular, have obstructed the developing countries from development of trade, he stressed.

"The developing countries are faced with unreasonable restriction in the field of technology transfer."

"They have made great efforts to attract foreign direct investment and have improved domestic environment for investment."

"Yet the result is not satisfactory and foreign direct investment in developing countries is decreasing," emphasized the Chinese representative.

According to a report of the Secretariat of the UNCTAD, in the 1980s the proportion of foreign direct investment in developing countries to the world total decreased from 25 percent to 17 percent.

Lu also briefed the session on the economic reforms in his own country, especially since early last year.

Last year, China's reform entered a new stage of vigorous development with important achievements in all areas so that China's economy has got off to a good start to reaching a higher level in the 1990s.

The total value of imports and exports of China reached 165.6 billion U.S. dollars last year, an increase of over 22.1 percent over the year before, he added.

### Northeast Asia

#### **Wu Bangguo Meets Japanese Premier Miyazawa**

OW1903052893 Beijing XINHUA Domestic Service in Chinese 1409 GMT 18 Mar 93

[By reporter Liu Wenyu (0491 2429 3768)]

[Text] Tokyo, 18 Mar (XINHUA)—Miichi Miyazawa, Japanese prime minister, had a meeting at his residence today with Wu Bangguo, member of the CPC Central Committee Political Bureau and secretary of the Shanghai Municipal Party Committee. The host and visitor had a cordial and friendly conversation.

The meeting began with Wu Bangguo conveying to Prime Minister Miyazawa his best regards from General Secretary Jiang Zemin and Premier Li Peng. Miyazawa expressed his thanks and asked Wu Bangguo to convey his best regards to General Secretary Jiang Zemin and Premier Li Peng.

Wu Bangguo briefed Miyazawa about the current state of reform, opening up, and economic construction in China, as well as the First Session of the Eighth National People's Congress [NPC]. Miyazawa said the Chinese NPC was televised throughout the world everyday via satellite and that Japan was watching the event closely. He said: China's economic strategy of seizing all opportunities to speed up its economy is very sagacious and correct as demonstrated by the noticeable success which has been achieved. While it is inevitable that problems will occur in one way or another during the process of development, I believe Chinese leaders are able to correctly take advantage of the situation and properly handle the problems.

Wu Bangguo also briefed Miyazawa about the rapid progress which Shanghai has made in developing Pudong, adding that Shanghai is ready to establish stronger economic, scientific, and technical cooperation with Japan and other countries. Miyazawa was pleased to hear this. He said: As the only and the largest urban reconstruction project of the world in this century, the development of Pudong in Shanghai has caught the attention of the entire world. He expressed his high admiration for the courage and gumption demonstrated by the Chinese Government and the leaders of Shanghai in developing Pudong. Miyazawa stressed that Japan is willing to provide as much cooperation as possible for the development in Pudong, and he expressed his belief that the grand project will be a success.

Wu Bangguo is visiting Japan as head of the Shanghai delegation at the invitation of the Japan-China Association. On 18 March Wu Bangguo also met with Yoshiro Sakurai, speaker of the Japanese House of Representatives; Michio Watanabe, deputy prime minister and foreign affairs minister; Yoshiro Hayashi, minister of finance; Masaharu Gotoda, minister of justice; and Yohei Kono, chief cabinet secretary.

#### **Japanese Businessmen Attend Shanghai Trade Fair**

OW1003123393 Beijing XINHUA in English 0800 GMT 10 Mar 93

[Text] Shanghai, March 10 (XINHUA)—Japanese business executives visiting Shanghai are impressed by the brisk retail market and strong consumer purchasing power.

According to Hidenori Futagi, president of Jusco Company Ltd., who last visited the city 13 years ago, he was surprised to see the great changes in Shanghai with crowded shops with a wide range quality goods.

He said his company is one of Japan's ten trans-national super market retailers and has 167 stores in Japan, India, Malaysia and Hong Kong.

Hidenori Futagi headed a 54-member delegation to the 1993 East China Export Commodity Fair which closed here yesterday.

He said that he and his fellow delegates are interested in China's commodity import trade while looking for Chinese goods with a ready market appeal in Japan.

Although Shanghai's commercial facilities require further development, he is optimistic about the city's economic future.

#### **Bank of China Issues Bonds in Japan**

*OW1203172693 Beijing XINHUA in English 1225  
GMT 12 Mar 93*

[Text] Beijing, March 12 (XINHUA)—The Bank of China (BOC) today floated 30 billion yen-worth of bonds with fixed interest rates in Japan, according to a BOC official.

The bonds included 15 billion yen-worth of five-year term and 15 billion yen-worth of seven-year term ones, with interest rates of 4.65 percent and 5.00 percent, respectively.

The lead manager of the issue is Nomura Securities Corp. of Japan. The Mitsubishi Bank Ltd. of Japan and Fuji Bank Ltd. are the commissioned banks. The underwriters include more than 20 Japanese securities corporations and banks.

The funds raised through the issuance, converted into U.S. dollars, will be used to support China's energy and transportation development, the official said.

The Bank of China, the country's bank specializing in foreign trade, obtained 300 million U.S. dollars-worth of syndicated loans in Japan last month.

#### **Southeast Asia & Pacific**

##### **Vanuatu Prime Minister Continues Working Visit Meets Shanghai Vice Mayor**

*OW1803145093 Beijing XINHUA in English 1424  
GMT 18 Mar 93*

[Text] Shanghai, March 18 (XINHUA)—Maxime Carlot Korman, prime minister of Vanuatu, said here today that he was impressed with the city's vitality in the process of reform and opening.

He made the remark this evening at a meeting with Shanghai's vice-mayor, Sha Lin. The Chinese vice-foreign minister, Liu Huaiqiu, was also present.

This morning, the prime minister and his party visited the Shanghai No. 1 Silk Printing and Dyeing Mill, which exports silk garments to dozens of foreign countries.

Later today the visitors toured the Baoshan Iron and Steel Company.

The guests arrived here yesterday. They are scheduled to fly to Beijing later.

#### **Arrives in Beijing**

*OW1903085693 Beijing XINHUA in English 0723  
GMT 19 Mar 93*

[Text] Beijing, March 19 (XINHUA)—Maxime Carlot Korman, prime minister of the Republic of Vanuatu, arrived here this afternoon to continue his one-week working visit in China.

Carlot Korman, leading a six-member delegation including his wife, has been invited by Chinese Premier Li Peng.

The visitors arrived in Shenzhen in South China March 16. Before coming to the Chinese capital, they also visited Shanghai, a metropolis in east China.

Chinese Vice-Foreign Minister Liu Huaiqiu accompanied the guests on the Shanghai visit.

Sources at the Chinese Foreign Ministry said that Carlot Korman is scheduled to have separate meetings with his host, Premier Li Peng, and other Chinese leaders during his stay here.

In addition, a document concerning a batch of economic aid from China to Vanuatu, an island nation in southwest Pacific, is expected to be signed by the two prime ministers.

## Eighth National People's Congress

### Wang Ruowang Letter to NPC Urges 'General Amnesty'

*HK1803011693 Hong Kong SOUTH CHINA MORNING POST in English 11 Mar 93 p 11*

[Article by Daniel Kwan]

[Text] Dissident writer Wang Ruowang has written an open letter to the national legislature calling for an amnesty for all political and religious prisoners in China.

The letter, which was addressed to the presidium of the NPC, also urged the legislators to delete from the constitution clauses such as "counter-revolutionary" and "proletarian dictatorship".

The 76-year-old writer, who lives in New York, has also lobbied for the early release of Shanghai activists Fu Jiqing and Sun Lin.

"They are just two of my close friends who sympathised with me. What crimes have they committed?" the letter said.

Fu and Sun were arrested this month, apparently for their direct contact with Wang, who has vowed to organise dissident forces abroad "to do battle with the communist regime" in China.

In his letter, Wang said he had written earlier to the Chinese leadership asking for permission to join the ongoing congress session as a "special guest".

But his request was rejected in a reply he received from the Chinese Embassy in New York.

The response said all seats for special guests had been assigned but he was welcomed to express his views through letters.

"I am writing to you now to express the views which I have collected from the overseas Chinese community and the pro-democracy activists," Wang said.

Describing himself as a "Shanghai citizen who still cares about bits and pieces of improvement in China", he pleaded for a rehabilitation of the 1989 June 4 democracy movement and a general amnesty.

"Rehabilitation of June 4 will not just smooth the dissatisfaction of the people, it will also have the benefit of improving China's international image," he said.

Wang's letter also urged the legislators to remove from the constitution clauses which were "contradictory" to reform and opening to the outside world.

In particular, he asked the delegates to drop the "Four Cardinal Principles".

### Dissident Appeal Made Through Hong Kong Deputy

*HK1703122093 Hong Kong MING PAO in Chinese 17 Mar 93 p 7*

[Report: "Newly Released Dissident Wang Xizhe Demands Rehabilitation"]

[Text] Wang Xizhe, a pro-democracy activist in Guangzhou who was paroled last month, sent a letter of appeal to the PRC Supreme People's Court through Cheng Yiu-tong, a Hong Kong deputy to the National People's Congress [NPC], demanding his thorough rehabilitation.

In his letter of appeal, Wang Xizhe insisted that he was not guilty. He said that he was resolved to require the authorities to make clear whether he was really guilty, and that he would take legal action against those who made false charges against him and would demand damages for his political, economic, and mental losses.

Wang Xizhe said that he denied the crimes that the Guangzhou City Intermediate People's Court found him guilty of, the crimes including "conducting counterrevolutionary propaganda and sedition," "forming a counterrevolutionary organization," and "inciting the masses to defy the state and to disobey the state's decrees."

He said that some officials cooked up false evidence to frame him, and deprived him of the right to ask his relatives to invite a lawyer to defend him.

In fact, since being put in jail in 1982, Wang Xizhe has never stopped lodging appeals. After being put in solitary confinement in 1988, he wrote a letter of appeal every month, and gave serial numbers to the letters, totalling 40-50, but none of the letters received replies, like a stone being dropped into the sea.

Wang Xizhe, 43, is one of the co-authors of the famous "Li-Yi-Zhe Big Character Poster" in Guangzhou in 1974. Wang later joined the Democracy Wall Movement in 1979. He was sentenced to 14 years' imprisonment in 1982; and was released on parole on 3 February after being in jail for 12 years.

### Liaoning Introduces Second Pioneering Work

*SK1303092393 Harbin Heilongjiang People's Radio Network in Mandarin 2300 GMT 13 Mar 93*

[Text] On the afternoon of 13 March at Beijing's Liaoning Hotel, the Liaoning Provincial government held a news briefing to introduce the province's second pioneering work.

Yue Qifeng and Wen Shizhen, Liaoning deputies to the first session of the Eighth National People's Congress, became popular figures who were interviewed by the reporters in the capital.

A GUOJI SHANGBAO [INTERNATIONAL COMMERCIAL PAPER] reporter asked if Liaoning has made preparations or adopted countermeasures for the

pounding of the international market after China restores its role as a signatory state to GATT?

Governor Yue Qifeng answered with a well-thought-out plan: After China becomes a signatory state to GATT, the domestic steel product market will be the first to suffer a pounding. The enterprises engaged in iron and steel production in Liaoning should successfully conduct technical transformation and bring in foreign capital and foreign advanced equipment. What is more important is to bring in markets.

In answering reporters' questions of how to suit the development of the market economy at the time of doing the province's second pioneering work, Vice Governor Wen Shizhen said: First of all, we should improve labor productivity, upgrade the added value of products, set up the socialist market economy, and develop the export-oriented economy. This is Liaoning's development orientation.

Some reporters asked what measures Liaoning has taken to invigorate its large and medium enterprises in the course of doing the second pioneering work?

Yue Qifeng answered: Some large and medium enterprises in Liaoning have taken on heavy burdens for technological transformation. This year, the province plans to conduct graft technological transformation among 100 large and medium enterprises. Simultaneously, enterprises are allowed to conduct graft technological transformation only for certain production lines or certain products. The burdens, therefore, for technological transformation can be alleviated in a step-by-step manner. Products should be processed intensively. Simultaneously, we should also do a good job in managing surplus personnel from large and medium enterprises.

Reporter (He Liancui) of ZHONGGUO GUOJI BAO [CHINA INTERNATIONAL PAPER] asked if Liaoning is further expanding the spheres of cooperation with the ROK?

Vice Governor Wen Shizhen answered: We should concentrate energy on developing cooperation items in the electronics, textile, and machinery manufacturing trades.

### Shaanxi To Invest \$13.3 Billion on Infrastructure

HK1503033193 Beijing CHINA DAILY in English  
15 Mar 93 p 2

[By staff reporter Wang Yong: "Shaanxi Plans Huge Investment"]

[Text] Landlocked Shaanxi Province plans to invest 77 billion yuan (\$13.3 billion) in the next few years to overcome its Achilles' heel—poor infrastructure.

The bulk of the investment will be made before 1995, with a certain proportion extending into the country's Ninth Five-Year Plan period (1996-2000).

Wang Shuangxi, deputy provincial governor attending the Eighth Session of the National People's Congress that opens today, unveiled the blueprint in Beijing over the weekend.

When all the envisioned 68 projects are completed, the province will have 665 kilometres of new railways, 598 kilometres of new high-grade roads and 31,600 lines for long distance telephone calls.

The province will also have an annual coal production capacity of 100 million tons and an annual oil processing capacity of 3.55 million tons.

Total installed capacity of power plants will reach around 9 million kilowatts.

Wang told a press conference that overseas investors are welcome in any of these projects since domestic financial resources far from meet the mammoth investment plan.

About 6 billion yuan (\$1.03 billion) was channeled into the first group of projects last year.

Another four, namely a refinery, a hydropower station, a power plant and a natural gas plant, are expected to be completed this year.

"Also, six more large projects (including railways, natural gas transmission pipes and power plants) will break ground" Wang said.

In the meantime, the province is preparing for the construction of another 29 projects, including a coal field, irrigation facilities, telecommunications, railways and water channeling.

Wang said overseas investors in these projects will be able to get favourable treatment.

The huge budgetary input also covers the province's six pillar industries: tobacco, electronics, instruments, automobiles, machine tools and cotton textile.

"We aim to revamp more than 80 percent of the province's large and medium-sized State-run enterprises and make their machinery and electronics products close to the internationally advanced levels of the early 1990s," Wang said.

The province possesses one of China's richest oil, coal, water, non-ferrous metal and non-metal mineral resources.

But the lacklustre transportation sector has foiled the emergence of an otherwise economic miracle in the province.

In fact, part of the province, especially the Guanzhong area, has been dubbed as the "South China" of the north.

The Guanzhong region, which encompasses the bulk of the province's enterprises and research institutes as well as a railway linking China to Europe, is becoming a

high-tech belt whose annual revenue will total 20 billion yuan (\$3.5 billion) by the end of this century.

### **Shandong Secretary's Opinions on Work Report**

*SK1903061093 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 15 Mar 93*

[Excerpts] According to the dispatch of (Gao Xuezhou), reporter of our station, from Beijing Municipality, Premier Li Peng concluded his almost-two-hour Government Work Report amid thunderous applause on the morning of 15 March. Then, our province's deputies walked out of the meeting hall with broad smiles on their face. Premier Li Peng's Government Work Report became the central subject of their talks on the hotel-bound bus, beside their dinning tables, and in their bedrooms. Jiang Chunyun, Zhao Zhihao, Li Zhen, Ma Zhongcai, and some deputies of the province happily got together in the afternoon that day to voice their opinions and understanding on Premier Li Peng's report. Jiang Chunyun said: Premier Li Peng's report is concise and clear. He mentioned the past in a realistic manner and heartened the people with talk of the future. The report's emphasis is displaying the spirit of the 14th CPC Congress and its basic content is to seize the opportunity to accelerate development. The content conforms with the feelings of party members, people, and military personnel. [passage omitted]

Woman Deputy (Zhao Chuanxiang), newly elected head of Dongping County which has a well developed economy, was especially excited while talking about Premier Li Peng's report. She said: Let us seize the occasion of the National People's Congress' session to seize the opportunity in line with the direction pointed out by the report, to accelerate development, to integrate the report's spirit with our local reality, and to follow the road of invigorating commerce and paying attention to industries so as to remove the backward label as soon as possible and to improve Dongping County's work to a new level.

### **Heilongjiang Governor Speaks at Group Discussion**

*SK1903053393 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 16 Mar 93*

[Text] While discussing the Government Work Report today, Sun Weiben, deputy to the National People's Congress [NPC] and secretary of the provincial party committee, pointed out: It is necessary to solve the old problems which surfaced in Heilongjiang's development with the new ideas of the market economy.

Sun Weiben said: I absolutely agree with and support Premier Li Peng's views in his Government Work Report on accelerating the pace of reforming the system on building the socialist market economy.

During the panel meeting, Sun Weiben said: Since the seventies, our province's heavy industrial base has

become outdated every day and enterprises handling natural resources have found themselves in a tight corner with each passing day. The deficits incurred by raw material products delivered to other localities under mandatory plans have been aggravated increasingly and the grain burden has become heavier day after day. The state-owned economic enterprises lack vitality and the problems on economic barriers existing between different departments or regions are becoming more prominent. The industrial growth rate has been lower than the national average.

Sun Weiben said: Under the framework of the planned economy, we have been striving to make explorations in an attempt to extricate ourselves from a predicament. However, some in-depth contradictions and problems which have puzzled us for a long time remain unresolved. The 14th CPC Congress's proposal on building the new socialist market economic system has offered new ideas for solving long-standing big and difficult problems. We should gradually reduce the number of mandatory plans in line with the guidelines of the government work report, free ourselves from the puzzle of the distorted pricing system, give play to the basic role of the market in the disposition of natural resources, and accelerate the market orientation reform. While paying attention to building a unified, open, and multilayered market system with perfect regulations, which can be under regulation and control, we should emphasize the introduction and improvement of the market mechanism in an effort to promote a well-rounded economic cycle in our province as quickly as possible.

Sun Weiben said: We should break with the limit of developing government-run and state-owned units and actively follow the path of establishing people-managed and people-operated enterprises. In the next five years, we should strive to enable one half of the state-owned large and medium enterprises across the province to reform themselves and become shareholding enterprises, and one-third of state-owned large and medium enterprises to reform themselves by grafting with Sino-foreign joint ventures. Among most of the state-owned small enterprises, we should implement the shareholding cooperative system to make them become state-owned jointly operated enterprises, implement the leasing system to make them become state-owned privately-operated enterprises, and implement the auction system to make them become privately-owned and privately-run enterprises. Meanwhile, we should actively develop township enterprises, individual and private enterprises and the three types of foreign-funded enterprises, and enable the proportion of township industrial enterprises to reach 20 percent by 1995 and to reach about 40 percent by the end of this century. We should break with the pattern of producing only raw material products and follow the path of processing natural resources into precision and intensively processed products. First, we should do a good job in developing the petrochemical industry and strive to build the country's biggest petrochemical industrial base, petrochemical product markets and petrochemical enterprises groups. Second, we should do a

good job in developing the coal chemical industry and converting coal into electricity, and build Heilongjiang into the northeast China region's base for fuel supply and industrial power. Third, we should do a good job in processing forest products and developing paper making industry and build Heilongjiang into the country's biggest furniture and paper products base. Fourth, we should do a good job in the food industry and enable Heilongjiang to become the country's biggest dairy, sugar, meat, soybean product, and instant-food base.

Sun Weiben also said: We should break the barriers between departments and regions, realize the rational flow of the essential production factors, optimize organizations, introduce the competition mechanism and the mechanism of selecting the superior and eliminating the inferior, accelerate the pace of technological progress and transformation of the old industrial base, clearly define the property right of enterprises in line with the market economic law, enable them to assume sole responsibility for their own profits and losses, select the superior and eliminate the inferior, and stop supporting those enterprises with no hope for ending deficits. Concerning workers, we should award the outstanding ones and punish those with poor performance, and allow them to select enterprises they want to work for and allow enterprises to select their workers in an effort to optimize organizations. Concerning cadres, we should select and recruit cadres through competition, promote outstanding ones and demote those who perform poorly. We should give high salary and handsome awards to inventors and bypass convention to use them so as to realistically form a motivation and incentive mechanism for promoting scientific and technological progress and enable the old industrial base to regain vitality.

Sun Weiben expressed: We should further break with the close state and implement the all-round opening up pattern with an emphasis in opening up the border areas. In the next eight years, we should strive to increase the whole province's trade volume by 300 percent to reach \$10 billion, which will account for more than 40 percent of the GNP.

#### **Delegations Continue Discussing Work Report**

*OW1903061193 Beijing XINHUA Domestic Service in Chinese 1526 GMT 17 Mar 93*

[Text] Beijing, 17 Mar (XINHUA)—Delegations attending the on-going First Session of the Eighth National People's Congress [NPC] today continued their group discussions on the Government Work Report. Many deputies pointed out that the next five years is a crucial period for the establishment of a socialist market economy in China. Because many new situations will be encountered during the change from the old system to the new, it is necessary to firmly deepen reform and open wider to the outside world and to solve deep-rooted problems in society's economy by relying on reform and opening up.

In their speeches, many deputies said that although we had scored notable achievements in reform and opening up, many deep-rooted problems had cropped up during the advancement of reform and opening up. Sufficient attention must be paid to these problems. Reporter Li Xiaolin, quoting a report on the speeches made by Liaoning deputies Wang Huabin and Liu Baolin, said reform of the employment and personnel systems had increased the vitality of enterprises, but the social insurance system lagged behind. Because laid-off workers could not find jobs, some enterprises had no choice but to fall back. In some areas, the means of production had begun to enter the market, but as there were no standardized criteria for markets, large and medium enterprises had to compete unequally. The deputies expressed the hope that reform and opening up will be accelerated and that these problems in actual economic life will be solved by relying on improving coordinated reforms in all fields of endeavor.

According to a report by reporter Zhao Wei, Hainan deputy Wu Kuiguang said our present educational system and science and technology system cannot keep up with the needs of a market economy. The gap between educational work and economic construction is too wide. Schools are concerned only with promoting further studies, and they train students to cope with examinations. Also, distribution of jobs for college graduates is monopolized by the state. It will be very difficult for education to win public support if it does not meet the needs of social and economic development. In some localities, only the government appeals to people to pay attention to education. A strange phenomenon in those localities is that teachers beg students to study, and all students vie to take college entrance examinations. The only way to solve these problems is to accelerate and deepen educational reform.

Recalling the course of reform and opening up in their regions, many deputies pointed out that to solve reform-related problems through deepening reform and opening up wider is a successful experience which has been proven in more than 10 years of practice. According to a report by reporter Jiao Ran [3542 3544], during the deliberation of the government work report Guangdong deputy Lin Ruo said: One of the basic experiences of Guangdong's 14 years of development is to solve reform-related problems during the course of reform. The development of a socialist market economy is an unprecedented great reform, and we must give it up merely because of difficulties. Deputy Zhu Wanli said: Our present problems are much more complex than previous ones. Particularly in banking reform, we should exercise overall state regulation and control while trying every possible means to raise funds in support of enterprise development. Contradictions between the two are inevitable because the relations between some policies and the existing structure have not yet been harmonized. Only by deepening reform and harmonizing relations can we solve the contradictions. In economic development we should place equal emphasis on emancipating

the mind and seeking truth from facts. On the one hand, we should dare to pioneer and actively keep forging ahead to seek opportunities for development. On the other hand, we should consider realities and strive to seek practical results.

According to a report by correspondent Yang Li (2799 0500) from the Sichuan delegation, deputies Feng Chongtai and Li Taigen pointed out during a discussion that: To deepen reform, we should first give people the freedom to do things. At present, overstaffing of government organizations, barriers between different departments or regions, and departmental protectionism are affecting the smooth process of reform; it is time we correct them. Organizational reform is not just simple streamlining, and it is more important to change functions and delegate authority to lower levels. Some government organizations have changed their names to companies, but they are still holding government power. This is very detrimental to deepening reform and opening up.

Many deputies expressed their views on how to solve these difficult problems through deepening reform and opening up. According to a report by reporter Sun Jie (1327 2638), Henan deputy Zhu Youwen pointed out: It is necessary to view the contradictions accompanying our advance with a dialectic materialist viewpoint. In solving these problems, we fully consider the demand of developing a socialist market economy and pay attention to doing things according to objective law. Under no circumstances should we return to the old practice of a planned economy.

According to a report by correspondent Wu Huagu (0702 5478 0948), Jiangxi deputy Mao Zhiyong pointed out: To change the operational mechanisms of enterprises and to change government functions are the two most difficult and most crucial problems at present. We should formulate overall plans; make breakthroughs at selected spots; deepen enterprise reform and all supportive reforms with emphasis on changing the operational mechanisms; and let all state-owned enterprises, particularly large and medium state-owned enterprises, adopt the best form of operations under the public ownership. We should actively and properly reform the administrative management system as well as party and government organizations, with emphasis on changing government functions. We should solve the existing problems of overstaffing, low efficiency, and excessive financial burden.

#### **Consider 'Grim' Agricultural Problems**

*HK1803095593 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0812 GMT 17 Mar 93*

[“Focus on Two Sessions” by reporter Guo Weifeng (6753 0251 6912)]

[Text] Beijing, 17 Mar (ZHONGGUO XINWEN SHE)—The once glorious agricultural revolution of China has recently been found to contain a shadow.

After fading from people's memory for some time, agricultural problems have again become a popular issue of concern among National People's Congress [NPC] deputies. The grim situation has worried all those taking part in the administration of state affairs.

Judging from Sichuan, Henan, Jiangsu, Hubei, Liaoning, and Jilin, which are reputedly large agricultural provinces in the three major east, central, and north China regions, the agricultural problems as reflected by NPC deputies are as follows:

1. Due to heavy burdens, the peasants are not enthusiastic about growing grain. Liaoning peasants have composed a “jingle” as follows: “Grain prices rise by the fen, chemical fertilizer by the yuan, plastic sheeting by the 10 yuan, and farm machinery by the 100 yuan.” There have been cases of peasants committing suicide in some provinces because they cannot bear the burden.
2. The scissor gap between industry and agriculture has gradually widened. As a result, many localities vigorously develop processing industries yielding quick results but neglect the development of agriculture.
3. Blind opening of development zones has resulted in the loss of large areas of high-quality fertile farmland in the vast countryside.
4. The question of having enough to eat and wear has not been solved among peasants in some impoverished areas. As the prosperous degree of peasants in some economically better areas has been overestimated, support for agriculture has been relaxed.

Deputies from various provinces are fully aware of the grimness of China's agricultural problems at the moment. At a panel meeting, Yang Rudai, secretary of the Sichuan Provincial CPC Committee, pointed out: “The current problems in the rural areas should never be overlooked.” Jia Zhijie, Hubei provincial deputy and acting governor, suggested: “It is necessary to more definitely put the agricultural issue in first place.” Ma Zhongchen, Henan provincial deputy, alternate member of the CPC Central Committee, and acting governor, said: In the stage of developing a market economy, we are prone to overlook the development of agriculture. He Zhukang, Jilin provincial deputy and secretary of the Jilin Provincial CPC Committee, deemed it necessary to protect peasants' initiative.

This reporter has noticed that at panel meetings of NPC deputies from various provinces, more often than not it was the governors or provincial party secretaries who took the lead in speaking. And the first issue they analyzed was often the agricultural issue. Not only did they dare to soberly and mercilessly lay bare the agricultural problems in their provinces, but they also put forward positive proposals to cope with the increasingly complicated and difficult agricultural problems. For example:

Henan Province will vigorously readjust structure to gear agriculture to the market. It will increase agricultural input to develop high-yield and good-quality agriculture.

Jiangsu Province will strengthen the status of agriculture as the foundation of the national economy, foster the concept of large-scale agriculture, and reduce peasants' burden.

Jilin Province will set up an agricultural risk fund and a grain protection fund to push grain production toward large-scale operations.

It can be said that each province has its own plan. But turning the plan into concrete actions cannot be achieved overnight. However, if effective measures are not promptly taken to solve agricultural problems, not only will it be difficult to establish a market economy, but the nation's foundation will also be shaken.

As the saying goes: "If Sichuan is thrown into chaos, the land under heaven will be thrown into chaos as well." Why? Because Sichuan was a big agricultural province in ancient China. If something went wrong with agriculture in the "land of abundance," i.e., if it was thrown into chaos, the land under heaven would be thrown into chaos. By the same token, it is not going too far to turn this saying into something like this: "If agriculture is thrown into chaos, the land under heaven will be thrown into chaos as well."

Deputies to the Eighth NPC should show more concern for China's agriculture problems.

#### Zou Jiahua Addresses Shaanxi Group Discussion

OW1903051293 Beijing Central People's Radio Network in Mandarin 2300 GMT 18 Mar 93

[From the "Special Program on the First Session of the Eighth National People's Congress and the National Committee of the Chinese People's Political Consultative Congress" program]

[Text] On 17 March, as a National People's Congress [NPC] deputy, Vice Premier Zou Jiahua took part in a group discussion with deputies from Shaanxi. He repeatedly talked about the question of strengthening the infrastructure and basic industries in central and west China.

He said: [Begin recording] Transportation is a difficult problem in developing Shaanxi's economy. I am of this view. The north-south railway is a transportation project which we have reached consensus on. [end recording]

Comrade Zou Jiahua said: Two factors affect Shaanxi's development: one is transportation and the other is water. The coastal and border regions are able to readily open themselves to the outside world, but how should the central region open itself to the outside world? It hinges on the development of transportation. It could be argued that Shaanxi is favorably located in this regard.

Shaanxi can reach east, west, south, and north by railway. We have reached consensus that we must increase circulation if we want to develop the economy, which in turn requires the development of transportation.

(Jin Mingtao), Xian mayor and NPC deputy, said: Xian faces many problems in urban development and economic construction. Two things need to be resolved urgently. One is the construction of Xian Airport. This will help resolve the transportation problem in the development of Xian's tourist industry. The other is the city's water supply. Today Xian still relies on trucks to send water to areas where water is in short supply. The city faces great difficulty in completing the on-going water supply project due to a severe shortage of funds.

Vice Premier Zou Jiahua interposed at this moment. He said: The question of water must be resolved. How can people live without water? He continued: The shortage of water resources in Shaanxi is a big problem. In addition to exploring water resources, it is also necessary to pay attention to drawing up an industrial policy that emphasizes the development of industries which use less water.

#### Ni Zhifu on Protecting Workers' Benefits

OW1903051293 Beijing XINHUA Domestic Service in Chinese 0937 GMT 17 Mar 93

[By reporters Ren Weidong [0117 5898 2639] and Fang Zhengjun (2455 2398 6511)]

[Text] Beijing, 17 Mar (XINHUA)—Ni Zhifu, vice chairman of the Seventh National People's Congress [NPC] Standing Committee and president of the All-China Federation of Trade Unions, examined and discussed the Government Work Report with the Hubei delegation over the past few days. He pointed out: To accomplish the grand goals of reform and construction, we must further implement the guiding ideology of relying wholeheartedly on the working class and guide, protect, and bring into play—to the fullest extent possible—the initiative of the working class and other sections of the population.

Ni Zhifu said: The fundamental objectives of all our efforts to establish a socialist market economic structure, push forward the development of the productive forces, bring about comprehensive social progress, and build socialism with Chinese characteristics are to make our country strong and prosperous and to bring happiness to our people; they all represent and embody the fundamental and long-term interests of the working class and other sections of the population and will certainly enjoy the support of the broad ranks of staff members, workers, and other working people. Today, localities are earnestly implementing the "Regulations Concerning the Transformation of the Operational Mechanism of State-Owned Industrial Enterprises." It is very necessary to give management autonomy to enterprises and their leadership. Without a prosperous enterprise, worker

benefits would be empty talk. What merits special attention today is that, in addition to straightening out relations between the state and enterprises, we must expend more efforts in straightening out relations between enterprises and workers. Only when these two sets of relations are handled properly will enterprise development have a solid foundation and sustainable vitality. In straightening out relations between enterprises and workers, the issue at the core is to give full respect to the status of workers as the master of the country, protect their legitimate interests, and bring into play their initiative and creativity. Moreover, we must further put into practice the five powers for the workers congress as provided in the "Enterprise Law" [PRC Law on Industrial Enterprises Owned by the Whole People]. Major reform programs must be discussed at and approved by the workers congress. Meanwhile, we should constantly improve the workers ideologically and ethically and raise their literacy and technical levels so they can contribute their wisdom and talents to enterprise development in a still better way and create benefits for the state, enterprises, and workers themselves.

Ni Zhifu said: Many enterprises are running at half capacity, operating in the red, or have been brought to a standstill. This remains a serious problem. A considerable number of workers are in difficulty. All of this is having an impact on the development of the economy, the deepening of reform, and the stability of society. Governments at all levels must pay great attention to this. Personnel of government organs must maintain close ties with the people, be concerned about the weal and woe of the people, and take effective measures to seek more solid benefits and help them solve difficulties.

#### Liaoning Secretary Receives Hong Kong Deputies

SK1903081293 Shenyang Liaoning People's Radio Network in Mandarin 2300 GMT 17 Mar 93

[Text] According to the dispatch of our station reporter, (Liu Yisha), from Beijing Municipality, the provincial people's government and the provincial Chinese People's Political Consultative Conference [CPPCC] committee jointly sponsored a reception in the Beijing International Building on the morning of 17 March in honor of 22 deputies from Hong Kong to the First Session of the Eighth National People's Congress, including (Xu Zhan tang), (Shao Yubao), and (Liang Ximing). Some of these deputies are of Liaoning origin and some are old friends of the province, who have been involved in cooperative business with the province for many years. Some are the province's new friends.

Sun Qi, chairman of the provincial CPPCC committee, presided over the reception and Governor Yue Qifeng delivered a speech in which he said: The strategic tasks of deeply implementing the spirit of the 14th CPC Congress in line with the province's reality, carrying out the second-phase pioneering project, and making the province's lofty aspiration felt once again, were put forward at the first session of the Eighth Liaoning Provincial

People's Congress that just ended. Governor Yue Qifeng said: The economic structure, the strong points of resources and talented personnel, and the economic position of Liaoning Province have long been affiliated with Hong Kong. He sincerely hoped that the grand cause of the province's second-phase pioneering project would continue obtaining the support and assistance of overseas deputies; the compatriots of Hong Kong, Macao, and Taiwan; Overseas Chinese; and of all friendly personages. He especially hoped that the joint-venture business, the technical grafting, and the renovation of out-dated enterprises achieve sustained progress.

Attending the reception were Quan Shuren, secretary of the provincial party committee; Wen Shizhen, vice governor; Feng Yousong, vice chairman of the provincial people's congress standing committee; and Liu Qingkui, vice chairman of the provincial CPPCC committee.

#### Jiangsu Governor Says Economic Growth 'Healthy'

OW1703133093 Beijing XINHUA in English 1301  
GMT 17 Mar 93

[Text] Beijing, March 17 (XINHUA)—Jiangsu Governor Chen Huanyou said today that the province saw a 27 percent growth rate in gross domestic product last year, much higher than the national average.

The growth rate was "normal, healthy and reasonable," he added.

The governor, a deputy to the Eighth National People's Congress (NPC), made the remarks at a press conference held here today.

Though with a fast growth, the province maintained basically a balance between total supply and demand, with the former slightly larger than the latter. Economic returns of industrial enterprises in the province outran the their [as received] increase of output value.

He said that in view of the severe flooding in 1991, which lowered the province economic growth, the fast growth last year was actually a sign of economic recovery and compensation to the previous year.

According to the governor, while passing the province on his way to south China early last year, Deng Xiaoping said that Jiangsu should obtain a higher economic growth rate than the national average.

The governor said that with a fast economic growth rate, Jiangsu will soon become the biggest revenue earner of the country.

He said that the province ranked second in the introduction of overseas funds among the provinces of the country, following Guangdong.

In 1992, the province approved over 8,000 foreign funded enterprises, an increase of six times over the

previous year. Now the province has approved a total of more than 10,000 foreign funded enterprises.

Last year the province set up 118 enterprises overseas, ranking first in the country. Their business range extended from catering to textiles, electronics, metallurgy and chemicals.

Now more and more Jiangsu enterprises launched businesses abroad.

Chen said that the province plans to expand its economic and trade business in Asia, Africa, north and west Europe, North America and east Europe.

### Further on News Conference

OW1803141393

[Editorial Report] Beijing Central Television Program One Network in Mandarin at 1423 GMT on 17 March in a special program on the First Session of the Eighth National People's Congress [NPC] and the First Session of the Eighth National Committee of the Chinese People's Political Consultative Conference [CPPCC], carries 10-minutes of recorded excerpts of a news conference at which Jiangsu Governor Chen Huanyou fielded Chinese and foreign reporters' questions on "seizing the opportunity to speed up development."

First, a Hong Kong TA KUNG PAO reporter raises a question on whether the province will be able to sustain its high economic growth rates for long.

In answering, Chen Huanyou starts by saying: "At 1500 on 20 February last year, Comrade Deng Xiaoping, in a stopover in Nanjing on his way back to Beijing from Shanghai, met Comrade Shen Daren and myself. He forwarded this demand to us: Jiangsu should obtain a higher economic growth rate than the national average." He said the "province's GNP last year was 189.6 billion yuan, up 27 percent over the previous year and 14.2 percent higher than the national average." In describing the province's current economic development, Chen Huanyou stresses that "the structure is rather reasonable and economic efficiency has been improved markedly. Generally speaking, the growth rate is normal and healthy." He says that the province is taking the initiative to solve the problems arising in the process of economic development.

In answering a Hong Kong Asia Television reporter's question about China's stance on the Hong Kong issue as contained in Premier Li Peng's government work report and, in view of current Sino-British tensions, whether Jiangsu still welcomes British investment in Jiangsu, Chen Huanyou said that "we fully support" Premier Li Peng's report. Speaking of economic relations between the province and Britain, Chen Huanyou stresses that "Hong Kong is Jiangsu's largest import and export partner, and we are happy to do business with compatriots in Hong Kong."

A female reporter of an Italian news agency asks about the deficit situation in Jiangsu. Chen Huanyou gives a brief reply, stressing that the key to solving the problem is to develop the economy through hard work.

In response to a question from an American female reporter [not further identified] on Jiangsu's collective enterprises, Chen Huanyou says: "Collective economy accounts for a large proportion of the province's economy. Village and town enterprises, in particular, already account for more than half of the industrial output." He also noted that collective enterprises in Jiangsu have expanded their operations in other provinces and abroad, and utilized scientific and technological advances to raise their technical and management levels.

Finally, a reporter from Taiwan's CHUNG YANG JIH PAO asks a question about how the province attracts people in Taiwan of Jiangsu origin to invest in Jiangsu. Chen Huanyou said he would like to disclose a "secret," that is, Jiangsu led the nation last year in utilizing Taiwan investment. He said that all joint ventures with Taiwan have been successful and the province welcomes more people from Taiwan to visit Jiangsu.

### Commentary Reviews NPC Economic Proposals

HK1903015493 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0813 GMT 17 Mar 93

[“Commentary on Two Sessions” by staff reporter Chen Liyu (7115 4539 1342): “National People’s Congress Will Accelerate the Process of Economic Legislation”]

[Text] Beijing, 17 Mar (ZHONGGUO XINWEN SHE)—The future target of China's economic structural reform is to establish the socialist market economy, so it is necessary to accelerate the economic legislation process.

This is because the market economy is characterized first of all by the fairness of competition and the flexibility of selection. If economic legislation is imperfect, fair competition will not be possible; nor will two-way voluntary selection. As a result, the order of the market economy will inevitably be disturbed.

Some deputies to the National People's Congress [NPC] pointed out that the establishment of the socialist market economy will move China's economic development into the "fast lane." Precisely because it is in the "fast lane," the legal system must be strengthened so that macroeconomic regulation and control and microeconomic management can be made more effective by legal means, thus ensuring that economic growth will be both speedy and orderly.

They also pointed out that the next five years will be a key stage in building the market economy system in China; if some major laws cannot be enacted in good time, the process of reform will be slowed down.

Agriculture Minister Liu Zhongyi said that without the guarantee of laws, China's agriculture will not be able to escape violent fluctuations. This demonstrates that administrative officials are also deeply aware of the importance of legislation.

Since 1979, the NPC and its Standing Committee have deliberated and approved more than 200 laws, and more than half of these laws are related to economics.

Many laws that are indispensable in a market economy, such as the Securities Law, the Company Law, the Banking Law, and the Accounting Law, are still "being conceived," however. Some laws that have been formulated may not be suited to the new economic structure.

To establish and perfect the socialist market economy is an unprecedented, complicated, and arduous social engineering project. It is also the case for establishing and perfecting a corresponding legal system. In brief, if there is only a "Company Law" and no corresponding "Anti-Illicit-Competition Law," "Commercial Law," and "Banking Law," then the Company Law's effectiveness would be greatly reduced.

China's economic legislation is also facing another important task. Many laws must converge with international practice, and this has become more urgent as China is striving to restore its status as a signatory to GATT.

Because economic legislation is so important and urgent in the building of a market economy and in ensuring its orderly operation, being the supreme legislative organ, the NPC and its Standing Committee naturally bear heavy responsibilities in this regard. Deputies to the current NPC session are also shouldering this heavy task.

On how to quicken the pace of economic legislation and embody its characteristic of converging with international practice, economists, jurists, and some NPC deputies have put forth the following proposals, which are worth taking into consideration:

First, some NPC Standing Committee members may work full-time with the Standing Committee so that they can concentrate their energy on legislative work. The Standing Committee should increase the proportion of legislative affairs in its work agenda.

Second, quicken the process of legislation which focuses on key economic issues, giving priority to urgent issues.

Third, give full play to the role of the Hong Kong and Macao deputies to the NPC and Hong Kong and Macao members of the Chinese People's Political Consultation Conference, who are very familiar with the operation of the market economy and the relevant laws.

Fourth, take economic legislation in foreign countries and in Hong Kong, Macao, and Taiwan as reference; properly assimilate and absorb the useful experience to shorten the time needed for the legislation process.

Fifth, give consideration to the overall plan and well-coordinated process of legislation, thus gradually forming an integrated economic-related legal system suited to the market economy.

It is difficult to enact laws, but it is more difficult to enforce and observe laws that have been established. Therefore, the supervisory function of the NPC and the law enforcement function of other relevant departments are undoubtedly important.

### **Li Peng, Gansu Deputies Discuss Development**

*OW1803190093 Beijing XINHUA Domestic Service in Chinese 0819 GMT 18 Mar 93*

[Feature by XINHUA reporters Sun Benyao (1327 2609 1031) and Xu Renjie (1776 0088 2638): "We Must Not Improperly Belittle Ourselves; There Are Great Hopes in Revitalization—Sidelines on Li Peng Joining Gansu Delegation in Deliberating Government Work Report"]

[Text] Beijing, 18 Mar (XINHUA)—Premier Li Peng today told deputies to the First Session of the Eighth National People's Congress (NPC) from Gansu Province: "We must not improperly belittle ourselves because there are great hopes in revitalizing the economy." The NPC deputies from Gansu were greatly encouraged by his words.

On the morning of 18 March, Li Peng visited the Gansu delegation attending the NPC session along with Wen Jiabao, alternate member of the Political Bureau of the CPC Central Committee who had worked in Gansu earlier, to jointly deliberate on the Government Work Report.

Before the meeting, Hao Hongtao, secretary of the Gannan Zang Autonomous Prefectural CPC Committee, and De Wacang, vice chairman of the Standing Committee of the Gannan Zang Autonomous Prefectural People's Congress, respectfully presented two pieces of white khaddar to Premier Li Peng. Li Peng gladly accepted them and expressed his gratitude to the two NPC deputies.

Gansu Governor Yan Haiwang was the first to speak. He said: "Premier Li Peng's report on the work of the government is one that seeks truth from facts and enlightens people's hearts." He continued: "From 1988 to 1992, Gansu's total domestic product increased by 50.3 percent with an annual growth rate of 8.5 percent. Although the growth rate was lower than the national average, the economy has been growing steadily. Our own slogan is: Look squarely at discrepancies, try not to lag behind, and seize the opportune time to accelerate economic development."

Li Peng nodded to express his approval. Li Peng said: "Compared with the more developed coastal regions, Gansu is slightly slower in economic development. Nevertheless, we must not improperly belittle ourselves. In

agricultural production, we can develop the Hexi corridor in Gansu, and, in industrial production, we have established many backbone enterprises in the petrochemical, nonferrous metal, machinery, and coal industries. Besides this, there are also abundant natural resources in the province. In developing the economy, we should, in light of local conditions, continue to deepen reform and further open to the outside world. We should emancipate our minds and proceed in the spirit of seeking truth from facts. The objective of quadrupling total industrial and agricultural output ahead of schedule can be attained."

When NPC Deputy Gu Jun, commissioner of Dingxi Prefecture, wanted to speak, Yan Haiwang chipped in and said: "Dingxi is the poorest prefecture in the whole country." Li Peng looked at Gu Jun and said: "But you also wear a Western suit!" Everyone laughed.

Gu Jun reported on how people in Dingxi Prefecture have reaped bumper harvests in agricultural production for 10 years in a row, and he discussed the great changes taking place in the people's minds and thinking. When he mentioned financial difficulties in certain counties, expressing the hope that concerned departments of the State Council would provide some assistance, Li Peng asked him with great concern: "Is there any unit that is designated to assist you?" "No," replied Gu Jun. Li Peng promised to ask concerned departments to help them resolve their difficulties. Li Peng pointed out: To resolve difficulties, the first thing to do is to develop the rural economy, develop village and township enterprises, and develop tertiary industry. Meanwhile, it is necessary to streamline administration and follow the path of "providing greater services through smaller organizations."

When NPC deputies from Gansu discussed means of further accelerating agricultural development in Gansu, Li Peng said: Great changes have taken place in Gansu. In the past, the state had to send several hundred million jin of grain back to needy areas in Gansu's countryside, but now you generally support yourselves in terms of grain consumption, and you have been increasing grain output for a number of years in a row. How can we steadily increase grain output in spite of natural conditions? One of the main reasons is that the basic conditions for agricultural production have improved. You must integrate agricultural development with the construction of water conservancy projects. In building irrigation works, large projects should be combined with medium-sized and small ones, and we must not overlook these small projects. In particular, Gansu is a province with relatively limited rainfall, and, therefore, we must strategically pay attention to conserving water. The Huang He runs through Gansu, but Ningxia, Inner Mongolia, and Shanxi all need water from the Huang He. We should gradually replace flood irrigation with well and sprinkling irrigation. In this way, we can conserve water and promote agricultural production.

Li Peng then stressed the need to reduce burdens placed on peasants. He said: While doing our best to develop the

economy and promote education, public health, and other public welfare undertakings, we should also take the peasants' capabilities into consideration, and we should not be overanxious for quick results. The peasants must not be forced to do what is beyond their means.

Li Peng said: To accelerate the development of the rural economy, we must rely on proper policies, investments, and science and technology. One important issue is to properly select means of development that are suitable for the local conditions. We should also select good cadres and good leaders.

The deputies were eager to express their opinions. Guo Xilian, manager of the Lanzhou Chemical Industry Corporation; Qi Maozhong, manager of the Jiuquan Iron and Steel Company; Han Xiuguo, secretary of the Baiyin CPC Committee; and Ke Maosheng, mayor of Lanzhou, discussed the question of how to further improve the operation of state-owned large and medium-sized enterprises. Li Peng attentively listened to their remarks, took notes, and chipped in to make occasional comments. Li Peng said: The key to transforming enterprises is the changing of their management mechanisms. Of course, this reform should be carried out in a proper manner in light of actual conditions, and we should pay close attention to maintaining and giving full play to the working class' role as the masters of the country.

Seeing deputies who were wearing clothes of various nationalities, Li Peng said: Gansu is a place in which people of various nationalities reside, and we have promoted unity among people of various nationalities. Because of historical reasons and geographical conditions, the economy is less developed in areas where minority people live. The key to promoting national unity is to accelerate economic development in those areas in which people of minority nationalities reside. Both the central authorities and local governments have the responsibility to assist them in this regard.

When some deputies mentioned that Premier Li Peng had not visited Gansu since 1984, Li Peng said: "I wish to make an apology to you today. However, I will certainly go to Gansu in 1993." The deputies immediately burst into warm applause.

#### **Qiao Shi on Economy, Spiritual Civilization**

*OW1803213793 Beijing XINHUA Domestic Service in Chinese 1428 GMT 18 Mar 93*

[Feature by XINHUA reporters Chi Maohua (3069 5399 5363) and Tang Weibin (0781 5898 1755): "Seize Favorable Conditions To Develop Ourselves—Sidelights on Qiao Shi Joining Zhejiang Delegation in Deliberating Government Work Report"]

[Text] Beijing, 18 Mar (XINHUA)—On the morning of 18 March, a jubilant atmosphere prevailed in the Zhejiang Room of the Great Hall of the People. Qiao Shi, member of the Standing Committee of the Political

Bureau of the CPC Central Committee, came here to join deputies of the Zhejiang delegation in deliberating on the government work report. Qiao Shi enthusiastically exchanged opinions with the deputies on how to seize the current favorable conditions to promote economic construction. The atmosphere in the conference room was lively.

Shen Zulun, deputy secretary of the Zhejiang Provincial CPC Committee, who is also a deputy to the National People's Congress (NPC), spoke first. He forwarded a number of suggestions on promoting agricultural and rural work. Hangzhou Mayor Wang Yongming; Liu Minchun, director of the Zhejiang Lishui Gold Pen Plant; Zhejiang Governor Wan Xueyuan; and seven other NPC deputies also expressed their opinions on how to change the management mechanisms of state-owned large and medium-sized enterprises, accelerate organizational reform, change the functions of government, improve the investment environment, and seize the favorable conditions to promote economic development. Qiao Shi took notes while listening to their remarks. He happily took the lead in clapping his hands when he heard the good news reported by deputy Peng Guozhen from Zhoushan Dao, which is Qiao Shi's native place. Peng Guozhen said: The average annual per capita income has reached 1,600 yuan; a 200,000-ton oil quay has been built on the island; a power station with a capacity of 125,000 kilowatts will be built there; and the airport on the island will be expanded.

Qiao Shi said: I am a deputy from Zhejiang and I am particularly happy to discuss things with deputies of my home province. I am very happy because you comrades are enthusiastic in expressing your views. He said: It is very important to take advantage of the favorable conditions. The key to whether we can truly seize the favorable conditions lies in our ability to do actual work, and not in merely paying lip service to meeting this goal. Over the past five years, our economy has developed relatively fast. Last year, in particular, great development was made as inspired by Comrade Deng Xiaoping's talks made during his southern inspection tour. There are many experiences that merit continued contemplation. Comrade Deng Xiaoping's talks in Shanghai made during the Spring Festival were very thorough and penetrating. We must conscientiously understand the essence of these talks. Over the next five years, we must strive to raise the economy to a higher level. Therefore, our cadres of leading organs must go deep into reality, sum up experiences, think about ways and means frequently, do more actual work, and practically and systematically promote the economy. Experiences in the past years have shown us that it is not very easy to avoid losses, especially major losses. This involves macro-control along with microeconomic returns and other aspects.

Touching on the question of grasping two links at the same time, Qiao Shi said: Grasping two links at the same time is Comrade Deng Xiaoping's consistent thinking. Comrade Deng Xiaoping advanced this thinking as early

as 1982. When we were striving to rectify the style of the party in 1986, Comrade Deng Xiaoping again gave specific talks on grasping two links at the same time. We must continuously make efforts to grasp the two links. The two links includes many aspects. Generally speaking, we should achieve material progress and, at the same time, promote spiritual civilization and pay equal importance to both. On this issue, we must never waver at any time.

Qiao Shi emphatically spoke on the topic of strengthening agriculture. He said: The question of agriculture indeed merits our close attention. The important thing is that we must do solid work and truly resolve all existing problems. Agriculture is the foundation of the national economy. If this foundation is unstable, it will not only influence the entire national economy, but it also will influence social stability. Stability in China must first of all rely on stability in the rural areas. Doing a good job in agriculture is not only an economic issue but also a political issue.

Qiao Shi said: China has a rural population of 800 million. The peasants' interests must be taken into account and their initiatives brought into full play whenever we make plans. Experience has proven that we will eventually suffer if we overlook agriculture. After several decades of construction, the outlook for our country's rural areas has undergone great changes, especially in old revolutionary base areas, places inhabited by people of minority nationalities, border regions, and other poor areas. Nevertheless, some border and remote mountainous areas still need to be further developed. In terms of these areas, we must show greater concern, and we should enable people in these areas to lead comfortable lives and gradually attain common prosperity, just like everyone else in the whole country.

Qiao Shi said: In terms of agricultural development, we should also seize the favorable conditions, do concrete work, and strive to resolve problems in agricultural production in better ways within the next five years.

Touching on economic development in Zhejiang, Qiao Shi said: Before the Spring Festival this year, I spent several days in Zhejiang. My general impression is that Zhejiang's economic development was relatively good and healthy during the past year, especially in the wake of Comrade Deng Xiaoping's talks during his southern inspection tour. It is hoped that in the future we should continue to maintain this trend and develop the economy in a faster and better manner. Meanwhile, we should pay more attention to grasping both material and spiritual civilization, and do a still better job in building socialist spiritual civilization.

#### Li Ruihuan Speaks With Tianjin Deputies

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GMT 18 Mar 93

[Text] Beijing, March 18 (XINHUA)—Li Ruihuan and other Tianjin deputies to the National People's Congress

(NPC) discussed here today how to accomplish the tasks for the five years to come and raise the national economy to a new level.

When deliberating the government work report at the ongoing session of the Eighth NPC, Li said next five years are the key period for China's development. China must seize the favorable domestic and international conditions to raise its national economy to a new level.

Li, member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China (CPC), said it is essential to advocate thrift and the down-to-earth approach. Officials should get united with the people and work hard.

He said Premier Li Peng's government work report reflects the speeches of Deng Xiaoping during his tour of South China last year and the spirit of the 14th National Congress of the CPC. "It is a report conforming to reality," he said.

Li stressed seeking truth from facts during the process of reform, opening to the outside world and modernization.

"It is necessary to make investigations and proceed from reality so as to observe the objective law strictly and avoid impulsive moves. It is necessary to listen to opinions of various quarters, so as to make the decision making a democratic and scientific process," Li Ruihuan said.

He urged leading officials to accept supervision by the people.

A numbers of NPC deputies, who are principals of primary and middle schools and presidents of universities, said at the discussion that the government work report has attached strategic importance to education, but the teaching staff cannot meet the needs of modernization because of higher turnover rate and poor quality. The basic reason is their low pay. The speakers suggested the state allocate more funds for education.

### Hu Jintao Addresses Guizhou Delegates

HK1903080893 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1511 GMT 18 Mar 93

[By reporter Wang Xiaohui (3769 2556 2547)]

[Text] Beijing, 18 Mar (ZHONGGUO XINWEN SHE)—Hu Jintao, member of the CPC Central Political Bureau Standing Committee and deputy to the National People's Congress [NPC], stressed here today: We must have a strong awareness of seizing the opportunity and must take vigorous measures to increase the momentum of reform and the scale of opening up.

Hu Jintao, who was once the Guizhou Provincial CPC secretary, took part in the discussion of the Eighth NPC Guizhou delegation this morning. State Council Vice Premier Tian Jiyun, who worked in Guizhou for 16 years and acted as a Guizhou provincial deputy, also took part

in the discussion. Each made a speech which lasted over half an hour. It was after 1200 when the delegation's discussions ended.

In his speech, Hu Jintao affirmed Guizhou's development over the past few years and also highlighted the gap between Guizhou and the coastal areas. He said: The purpose of ascertaining the extent of the gap is to shorten it and to acknowledge our backwardness while stressing that we are unwilling to lag behind. We must build up our confidence and accelerate development. We should have a strong awareness of seizing the opportunity and must never miss the golden opportunity. We must proceed from actual conditions and take the path of development with our own characteristics.

He said: We must have foresight toward the difficulties and problems that have arisen in the process of transforming from a planned to a market economy. We must study new conditions, solve new problems, and be good at integrating central policies with the actual conditions of this province.

Hu Jintao, who left Guizhou five years ago, said that he was often concerned about Guizhou's development. Tian Jiyun, who left Guizhou 28 years ago, is still imbued with affection for Guizhou.

He encouraged Guizhou's deputies to take note of the development and changes in Guizhou and of their own superiority. He also said that, in the days to come, the state and the government would exercise their functions in such a way as to appropriately give preferential treatment to central and western areas.

Tian Jiyun said: It is unrealistic to demand that the gap between Guizhou and the eastern areas be completely closed, but we should strive to keep the gap from widening further. He said: It is time we paid attention to the gap between the eastern and western areas.

Deputy Guizhou Provincial CPC Secretary and NPC Deputy Wang Chaowen made a key speech on the issue of Guizhou's current situation and development. He forwarded concrete suggestions and demands on such issues as power supply in Huangguoshu, water supply in Zunyi, the harnessing of the Wu Jiang, and the tobacco tax.

Leading cadres from the Ministry of Energy Resources, the Ministry of Finance, and the State Planning Commission attended the Guizhou delegation's meeting. They replied to the deputies' questions and won their applause.

The deputies were still enthusiastic about political consultations when the time reached 1200. In conclusion, Hu Jintao stressed that, to develop its economy, a province must also rely on social stability and the unity of all nationalities. He said: It is our common duty, as well as the common duty of all people's deputies, to uphold stability and unity.

**Zhu Rongji Discusses Reform With Hunan Deputies**

OW1803145693 Beijing XINHUA in English 1436  
GMT 18 Mar 93

[Text] Beijing, March 18 (XINHUA)—Vice-Premier Zhu Rongji said here today as both domestic and international situations are favorable, China should seize the opportunity to accelerate and deepen reform to promote steady and high speed growth of the national economy.

Zhu discussed the government work report with Hunan deputies to the National People's Congress (NPC). Zhu is a native to Hunan.

He said seizing the opportunity has two aspects of meaning. First, such good opportunities are not often available to China. As the opportunities are transient, failure to seize them in good time will prove to be a historical mistake; second, as the opportunities are rare, one must cherish them. If one seeks high speed blindly and eventually ends up in heavy losses, a historical opportunity may be wasted too.

He elaborated the current good domestic situation and favorable international conditions.

Zhu said Deng Xiaoping's direction of seizing the opportunity to accelerate development shows great foresight and has spurred the nation to press ahead.

He pointed out that in reminding people of guarding against economic overheat, the central authorities meant to achieve the positive result of ensuring sustained, fast development.

In order to solve the questions arising in the progress and maintain the momentum of steady and high-speed development, it is necessary to accelerate and deepen reform and establish the system of the socialist market economy.

At present, the emphasis should be laid on the reform of planning, financial, monetary and other systems, which boils down to the reform of the investment system while the reform of enterprise operating mechanism is deepened, he said.

"If one pursues speed at the expense of reform and if one gets into a rut of the old thinking, system and methods in developing the economy, problems recurrent in history will repeat them again," he said.

**Urges Lightening Farmers' Burden**

HK1903061493 Beijing CHINA DAILY in English 19 Mar 93 p 1

[Article by staff reporter Chen Xiao: "Zhu Calls To Lighten the Burden on Farmers"]

[Text] Government IOUs to farmers should not be repeated this year and various levies on farmers should be immediately suspended, Vice-Premier Zhu Rongji said yesterday.

"Otherwise," he warned, "we will lose the support of farmers and agriculture will wither."

"And the reputation of China's reforms in the world will likely be ruined since the biggest achievement of China's reforms is the success of its agriculture."

Last year, instead of cash payments there was a huge surge in IOUs given to farmers by government. Meanwhile, farmers were further hit by heavy levies.

Zhu emphasized that "the central government is determined to guarantee purchasing funds of contracted agricultural products." He made the comments during his talks with Hunan deputies at the Eighth National People's Congress (NPC).

He said all existing levies imposed on farmers—except the authorized village charge collected at the rate of 5 percent—should stop right away, pending further government decisions.

"It is very dangerous that some local authorities ignore the development of agriculture," said Zhu.

Zhou Xingnong, a farmer from Hunan Province and also a NPC deputy, commented: "To remove IOUs and levies is what my villagers exhorted before my coming to Beijing."

Meanwhile, the vice-premier reaffirmed that China's economic growth must rely on gearing up market-oriented reforms, otherwise the opportunity for the country's development will slip away.

"We should treasure the opportunity, but excessive haste will only spoil it," Zhu said.

"China should not rely on old systems, old theories and old measures to speed up economic growth. Reform is the foundation of growth."

China should draw lessons from "bubble economy," Zhu said. "Actually, the economy in some sectors has showed signs of overheating." For instance, enclosure of development areas, land and stock speculations are heating up.

"If the trend is kept unchecked, it will result in an overall overheating in the country," he warned.

Since the third quarter of last year, some officials have called on the nation to avoid another round of overheating. "This is a wise step," he said.

Zhu also noted that too many bank notes have been issued. "It will finally trigger off inflation."

"We should remain prudent since we hardly have experience of a market economy."

The current economic advance is being bottlenecked by a shortage in basic infrastructure, such as railway transportation.

Although the central government has put the development of railways on the top of its agenda, investment is inadequate because overflowing construction projects have eaten up funds.

"This is a chronic headache—leaving a crack on the edge of a knife," Zhu said.

### Li Tieying, Hainan Deputies Discuss Education

OW1903094793 Beijing XINHUA Domestic Service in Chinese 1231 GMT 18 Mar 93

[By reporter Zhao Wei (6392 5898)]

[Text] Beijing, 18 Mar (XINHUA)—In a group discussion with the Hainan delegation this morning, Li Tieying, minister in charge of the State Education Commission, expressed his views on the hot topic of education, over which public has expressed its concern.

Li Tieying said: Over the past five years, China's educational undertakings have made considerable progress, the people have generally enhanced their concept of education, and the entire society is showing more concern for education.

He said: Presently, what the society cares more is, first of all, the problem of an imperfect mechanism for investments in education. Education is a project laying the foundation for social and economic development and should be regarded as a first priority. However, we are a poor country running a great educational undertaking, whose development is conditioned by the level of economic development. To solve this problem, we must rely on the acceleration and deepening of reform and gradually set up a mechanism mainly supported by state financial allocations and, in the meantime, absorbing educational funds through various channels.

Illegal exaction of fees by the educational sector has evoked strong repercussions in the society. To this, Li Tieying said: The State Education Commission has repeatedly stated that schools are strictly prohibited from setting fee amounts on their own, much less go about collecting fees on behalf of other units or departments in society. The commission's attitude toward this problem is clear-cut and firm.

On the issue of excessive schoolwork for primary and middle school students, Li Tieying said: We have stressed this problem several times, but to no avail. Many factors are responsible for this situation, including the problem of system and pressures from the society. To settle this problem once and for all, we must reform the existing student enrollment and distribution system. The State Education Commission intends to work out specific regulations on this issue soon.

As for whether the problems of "overheating" and declining quality exist on the educational front, Li Tieying noted: The basic education and vocational education are not "overheated," instead, they should be

developed vigorously. Colleges and universities recruited more students last year mainly because the social demand had increased and because parts of educational resources had been left unused. The principal problem facing higher education now is the reform of a system with too much involvement and too many restrictions by the state. The practice of running schools illegally without paying attention to quality and collecting fees illegally through various means in some places must be checked resolutely.

Speaking on the problem of privately run schools, Li Tieying said: Last year, China had some 130,000 students in 673 private middle schools and about 50,000 students in 863 private primary schools. The state is applying positive and encouraging principles to such schools and will draw up corresponding laws and regulations to guide and administer them.

On the problem of teachers taking up part-time jobs, Li Tieying said: The State Education Commission maintains that primary and middle school teachers are not suited for part-time jobs; they should concentrate on teaching wholeheartedly. Governments in all localities should take measures to conscientiously solve the problem of underpayment to teachers.

On the issue of college students' being in business, Li Tieying said: Students should study hard in school; they should not distract themselves from studying, nor should they engage in trade. However, organized work-study programs and social practices during holidays should not be regarded as business activities of students.

### Zhou Nan on Work Report, Hong Kong Issue

HK1903104793 Hong Kong WEN WEI PO in Chinese 19 Mar 93 p 3

[Dispatch from Beijing by staff reporting group: "Zhou Nan on 'Government Work Report' and Hong Kong Issue"]

[Text] Beijing, 18 Mar (WEN WEI PO)—At a plenary meeting of the Guangdong delegation to the Eighth National People's Congress [NPC] this morning, Zhou Nan, director of the Hong Kong branch of XINHUA NEWS AGENCY, made an important speech on the "Government Work Report" and the Hong Kong issue. The following is the full text of his speech:

The first session of the Eighth NPC is held at a critical moment of developing socialist modernizations in China. This session is of extremely important and far-reaching significance to mobilizing the people of all nationalities throughout the country to implement the spirit of the 14th CPC National Congress in depth, further accelerate the pace of reform, opening up, and economic development, and achieve an early realization of the great cause of reunification of the motherland. The number of people's deputies from Hong Kong has also increased from 18 last time to 28. This is an important event in the political life of the Hong Kong people. Let

us, first of all, extend our heartfelt congratulations and warm welcome to all the elected people's deputies from Hong Kong.

## I.

The development of China's situation in the current stage is really inspiring and heartening. Comrade Xiaoping's south China tour speeches, which were made at the beginning of last year, and the 14th CPC National Congress held later, made a comprehensive and profound summation of the basic experiences of China's reform and opening up in the past 14 years and summarized the theory of building socialism with Chinese characteristics. It was decided that the basic line of "one center, two basic points" should be upheld for a long time. The speeches and congress put forth the objective of establishing and perfecting a structure of the socialist market economy and provided an overall planning for accelerating economic development in the 1990's. Over the past year or so, the people throughout the country, who have emancipated their minds, sought truth from facts, blazed new trails, and advanced forward in a high spirit, have achieved one important victory after another on all fronts. China's political stability and economic development have thus been greatly promoted. On the vast land of the motherland, there is an entirely new situation full of vigor and vitality everywhere. China's international prestige is continuously rising. Last year, the growth rate of China's GNP reached 12.8 percent, and both China's comprehensive national strength and the people's standard of living were effectively increased. These spectacular and unique achievements made by our country formed a striking contrast with the Western world, which has been unable to extricate itself from economic recession for a long time. Judging from the current developments, it is possible that the objective of leading a relatively comfortable life can be achieved ahead of schedule. Recently, some of the most authoritative publications of Western countries have made a series of comments, highly praising the startling achievements China has made. They believe that if China follows its own road of development, it will become one of the super economic powers in the world in about 20 years. Practice fully proves that Comrade Xiaoping's theory on building socialism with Chinese characteristics and the basic line and a series of major policy decisions worked out by our Party are entirely in conformity with China's national situation. We must resolutely and unswervingly adhere to and implement this basic line for a long period of time, firmly seize the current opportune time, rarely seen in history, and strive for realization of the magnificent goal of rejuvenating China through the efforts of people of our generation.

In my opinion, the work done by the State Council over the past year was highly effective. I fully agree with the "Government Work Report" made by Premier Li Peng on behalf of the State Council. On the basis of correctly summing up our work in the past five years, the report presents a realistic, enthusiastic, and workable plan for

China's comprehensive economic and social development. The reform plan and economic growth rate proposed by the report for the next year are also positive and appropriate. We hope that all relevant government departments will conscientiously implement the 1993 national economic and socioeconomic plans so as to ensure a sustained, steady, and high-speed economic growth in our country in the 1990's. We also hope that while strengthening construction of material civilization, importance will be attached to strengthening construction of spiritual civilization, so that people may attain a better realm of thought and social atmosphere can be improved.

At this session, the participants will examine and discuss the "(Draft) Revised Constitution of the People's Republic of China." I hope the revised Constitution will give prominence to the theory of building socialism with Chinese characteristics and the party's basic line and define the practice of a structure of the socialist market economy as the objective of the economic structural reform. This will be of far-reaching significance to the development of the cause of building socialism with Chinese characteristics. I have participated in the talks between the Chinese and Portuguese governments on solution of the Macao issue. I am very glad that the "(Draft) Basic Law of the Macao Special Administrative Region of the PRC" will also be examined and discussed at this session. We are gratified at the fact that China and Portugal have been maintaining very good cooperative relations on the solution of the Macao issue. Adopting the Draft Basic Law of the Macao Special Administrative Region by this session will indicate the beginning of the later transitional period of Macao. It will lay a more solid foundation for the return of Macao to the motherland in 1999.

The current session is a session for election of new leading bodies. At this session, new leaders of our state organs will be elected, and the old leaders will be replaced by the new. This is an effective guarantee for the prosperity and development of our country and the long-term prosperity of our socialist cause. I am convinced that the newly elected central leading body will surely be able to energetically lead the people throughout the country to achieve even greater victories in various construction fields and undertakings.

## II.

Over the past year or so, the excellent situation on the mainland, characterized by reform, opening up, and accelerating economic construction, has enabled people from all walks of life in Hong Kong to see more clearly the bright prospects for the motherland's development and greatly enhanced the centripetal force [xiang xin li 0686 1800 0500] of the Hong Kong compatriots toward the motherland and their confidence in the policy of "one country, two systems." The demands for strengthening cooperation between Hong Kong and the hinterland, for maintaining social stability in Hong Kong and promoting common prosperity with the mainland, and

for a steady transition in 1997 are forming an increasingly growing mainstream among the Hong Kong residents. At present, an increasing number of Hong Kong compatriots are participating—more actively than ever—in various social activities in the later transitional period and have contributed to promoting cooperation between the two places. This is a very gratifying situation.

Hong Kong economic development cannot be separated from the hinterland either. The "China factor" has become a decisive factor for maintaining Hong Kong's economic vitality and for a better trend of economic growth. Last year, although the Western countries were still unable to extricate themselves from the shadow of economic recession, Hong Kong's gross domestic product registered an increase of 5 percent in real terms over the previous year, thanks to the impetus provided by the "China factor." Hong Kong's trade volume increased by 21.7 percent in 1992 over the previous year. The increase of trade volume was directly attributed to the sharp growth of mainland imports and exports following the expansion of its opening to the outside world. Hong Kong's reexports reached HK\$690.8 billion [Hong Kong dollars], accounting for 74.7 percent of its total exports in 1992. The reexports destined for or from the Chinese mainland accounted for 86.2 percent of the total exports. The mainland also replaced the United States for the first time to become the largest market for Hong Kong's manufactured goods last year. Statistics show that imports from Hong Kong made up 25.5 percent of China's total volume of imports, and exports to Hong Kong made up 44.1 percent of the total export volume. It can thus be predicted that the establishment of a structure of the socialist market economy in China and the expansion of the scale of opening up to the outside world will certainly bring about more positive influences on Hong Kong's economic development, which is mainly supported by foreign trade.

The "China factor" has also permeated the deeper level of Hong Kong's economy. Last year, an unprecedented prosperous situation appeared in Hong Kong's stock market—a thermometer of the economy. The "China concept shares" were especially in the good graces of investors. Since last year, inspired by the high-rate economic growth on the mainland, a new and unprecedented upsurge of large-scale investment in the mainland appeared in Hong Kong, pushing economic cooperation between Hong Kong and the mainland onto a new stage. 1) Last year, the direct investment in the mainland from Hong Kong investors and foreign investors in Hong Kong and the foreign funds for intended investment in the mainland according to agreements grew respectively by 200 and 300 percent. Of them, more than 60 percent came from Hong Kong. 2) Some big consortia in Hong Kong have joined the ranks of investors in the mainland with greater enthusiasm and played a leading role in the new investment upsurge. The spheres of their investment are no longer restricted in the labor-intensive

industries, including the "three forms of import processing and compensation trade," but have been gradually shifted to the construction of large-scale basic facilities. 3) The regions for investment have been rapidly extended from the coastal areas in south China to east China, north China, and northeast China. Shanghai's Pudong district has become a new flashpoint of investment. Some inland provinces have also aroused the great interest of Hong Kong investors. 4) Hong Kong and foreign businessmen have increased investment in the mainland; on the other hand, the mainland provinces have come to Hong Kong to invite investment. The combination of the two has resulted in the emergence of a new situation of two-way exchange. Last year, 27 provincial and ministerial level units from the mainland came to Hong Kong to invite investment and hold trade talks. The contract value of foreign funds to be used and the volume of business grew 2,400 percent [as published] over the 1991 figures. Because of these new characteristics, common prosperity of the two places was greatly promoted, which also added enormous vitality to Hong Kong's economy.

All this fully proves that Hong Kong's future is inseparable from the destiny of the motherland. Hong Kong's prosperity is relying more and more on the economic development on the mainland. To put it correctly, we should say that the mainland needs Hong Kong, and Hong Kong needs the mainland more. Under the policy of "one country, two systems," there are unlimited bright prospects for Hong Kong.

### III.

At a time when the relations of cooperation between the mainland of our motherland and Hong Kong were becoming closer and closer, the situation in Hong Kong took an unexpected turn for the worse in the second half of last year, something which no one wanted to see happening. Actually, understandings and agreements have long been reached by China and Britain concerning the question of arrangements for the election of Hong Kong's Legislative Council [Legco] in 1995; moreover, arrangements have been made for promoting democracy in accordance with the principle of proceeding gradually in an orderly manner concerning the number of legislators who are to be elected directly, and those who are to be elected indirectly. This can be verified by the Basic Law and the documents exchanged between the foreign ministers of the two countries. This is a question which was solved in principle a long time ago. The overwhelming majority of Hong Kong people are satisfied with these arrangements, believing that they are conducive to maintaining Hong Kong's stability and prosperity. Nevertheless, the new Hong Kong governor, Chris Patten, after assuming office, dished out a so-called original "constitutional package" which completely ran counter to the Sino-British Joint Declaration and outrageously overturned the understandings reached between China and Britain, and the British side's promise to converge with the Basic Law. Therefore, the essence of the dispute between China and Britain is not

a question of whether we want democracy or not. It is a question of whether international credibility should be observed. Regarding this point, even some officials of the British Government who had taken part in the talks openly made known their position, pointing out that Patten's move was perfidious. Patten has lost in terms of reasoning before the whole world. Meanwhile, because the program he dished out has undermined Hong Kong's stability and prosperity and damaged the vital interests of Hong Kong residents, it is being resisted and opposed by the masses of Hong Kong residents. A few hundred influential organizations from the industrial and commercial circles, specialized professional circles, and labor circles, as well as people's organizations, political organizations, and public figures have issued statements opposing the Hong Kong British authorities' constitutional reform package, and through various open methods, have strongly expressed their just stand that they want stability, prosperity, cooperation, and convergence with the Basic Law, instead of confrontation. This truly represents the will of the Hong Kong people. In his "Report on Government Work," Premier Li Peng made a full exposition of the Chinese Government's solemn stand on the Hong Kong issue. I absolutely support it. We always stand for cooperating with the British side while adhering to principles. Like the vast number of Hong Kong residents, we do not wish to see Hong Kong spend the next four years amid Sino-British confrontation. We all want to see that the Hong Kong residents live and work in peace and contentment, that Hong Kong maintains its stability and prosperity, and that there will be a steady transition in 1997. It not only coincides with the interests of Hong Kong residents but also, in the final analysis, the long-term interests of Britain itself. The British side has recently indicated its willingness to hold talks through diplomatic channels with the Chinese Government on the 1994-95 election arrangements. Certainly, according to provisions in the Sino-British Joint Declaration, important issues like this that are pertinent to the steady transition in 1997 should have been put on the table long ago for a negotiated settlement between the two governments. Now that the British side has felt that its reckless, go-it-alone-without-China approach is not going to work, and is willing to go back to negotiations with us, the Chinese side still expresses welcome and hopes that the talks can be a turning point for the resumption of cooperative relations between China and Britain on the Hong Kong issue. The Chinese side also pointed out: Settling major issues involving Hong Kong is a matter between the Chinese and British Governments. Talks this time should certainly be conducted between representatives of the Chinese and British governments, like all the previous Sino-British talks on the issue of Hong Kong. While the two sides were having contacts preparing for the talks, the British authorities in Hong Kong tried repeatedly to bring pressure to bear upon the Chinese side by threatening to gazette Chris Patten's package and submit it to the Legco for deliberation within a deadline, erecting new obstacles to talks. When the two sides reached an initial agreement that the talks

should be based on the Joint Declaration, convergence with the Basic Law, and the relevant agreements and understanding reached between the two sides, the Chinese side, taking the interests of the whole into account, exercised great forbearance and made great efforts so that the talks could begin at an early date. It put forward a reasonable proposal that talks between representatives of the two governments begin by late March and each side have several advisers or experts to help with its work. It was generally believed that, because of this reasonable proposal from the Chinese side, Sino-British talks could soon start. Surprisingly, just as the two sides were coming close to an agreement on arrangements concerning the talks, Mr. Chris Patten rushed to gazette his "constitutional package." Why did they do that? The only logical explanation is that it once again revealed that the British Hong Kong authorities not only have no sincerity whatsoever in the talks, but do not want to see the talks materialize. Therefore, they deliberately sabotaged the foundation of the talks so that they could not start. More and more people are now getting a clear picture of the true face of the British Hong Kong authorities, which, in order to attain its ulterior motives, and showing no consideration for the immediate interests of Hong Kong residents, has resorted to perverse acts and deliberately sowed discord, confusion, and confrontation in Hong Kong society. While sternly criticizing Chris Patten's erroneous move, many personalities and social organizations in Hong Kong, including NPC deputies and National Committee members of the Chinese People's Political Consultative Conference [CPPCC], suggest that in view of the British side's unwillingness to cooperate, the Chinese Government, proceeding from the long-range interests of the people in Hong Kong, should take all necessary contingency measures and, together with the compatriots in Hong Kong, make early preparations for transfer of government, in order to eliminate the uncertainty overshadowing the future of Hong Kong and to ensure the smooth transition of convergence with the Basic Law in 1997. We believe that such positive suggestions and proposals should be given serious consideration. Some people do not quite understand the reason why, when they are about to leave, the British colonialists, who have ruled Hong Kong for one and a half centuries—in the form of a one-man autocratic rule and dictatorship by the governor—suddenly dress themselves up as "fighters for democracy" and want to completely upset the democratic process already stipulated in the Basic Law. What trick are they playing? In the final analysis, as many politically experienced people point out, the British side's trick is nothing but a design to create chaos and set up barriers for China's resumption of sovereignty over Hong Kong under the guise of "democracy," in an attempt to turn Hong Kong into a semi-independent political entity with a view to continuing, in another guise, Britain's colonial rule there after 1997. Looking at modern history, we can easily find out that this is a customary practice of the old-line British colonialists. Unfortunately, however, they have totally underestimated the strong national sentiments of the 1.2 billion Chinese people, including

the compatriots in Hong Kong, as well as their determination and will to realize the great undertaking of the motherland's unification. The resumption of the exercise of sovereignty over Hong Kong is a major event in China's political life in the 1990's, as well as an important event long awaited by the descendants of Yan Di and Huang Di all over the world. Premier Li Peng has solemnly pointed out that realization of this goal represents "a sacred right of China's, which brooks no interference or sabotage." As an old saying goes, an ant cannot topple a giant tree, just as a mantis cannot stop a chariot. The Chinese people, who have already stood on their own feet, will never again be ordered about by colonialists. Whoever wants to go back on his word will not succeed. Anyone who dreams of hindering this historical process will only eat his own bitter fruit in the end. In short, no matter what happens, the Chinese Government is fully confident in, and capable of, resuming its exercise of sovereignty in Hong Kong according to schedule; the Chinese Government will earnestly implement the magnificent idea of "one country, two systems" consistently according to the provisions of the Basic Law. We will resolutely safeguard Hong Kong's continued stability and prosperity and will never allow anyone to create chaos there.

#### IV.

In order to smoothly accomplish the great historical mission of resumption of the exercise of sovereignty over Hong Kong in 1997, all the Chinese people throughout the country, including Hong Kong compatriots, need to continue to unite with each other, make concerted efforts, and do a good job in the next four years, in preparation for the resumption of the exercise of sovereignty in accordance with the guideline of "one country, two systems" and the provisions of the Basic Law. The current NPC session, in response to a suggestion by deputies from Hong Kong and Macao, has increased by a wide margin the number of both NPC deputies and CPPCC National Committee members from Hong Kong. This measure in itself indicates that the Chinese Government is deeply concerned for and attaches great importance to the issue of Hong Kong. The Hong Kong and Macao Affairs Office of the State Council and the XINHUA News Agency Hong Kong branch appointed the first batch of Hong Kong affairs advisers last year. These advisers contributed many valuable suggestions and played a very active role in the past year. In the near future we will appoint the second batch of Hong Kong affairs advisers. We are confident that all NPC deputies and CPPCC National Committee members from Hong Kong, together with all the Hong Kong affairs advisers, with a high sense of responsibility and mission, will unite with the vast number of Hong Kong residents; actively enhance communication between Hong Kong and the mainland; and make important, valuable contributions to safeguarding prosperity and stability in Hong Kong, as well as the steady transition in the territory in 1997; and pave the way for implementing the idea of Hong Kong being governed by the Hong Kong people with the

patriots as the main force. We have a full understanding of the good will of the vast number of Hong Kong civil servants who wish to serve the motherland and do their share in building the future special administrative region. We expect and believe that the vast majority of them will stay in Hong Kong beyond 1997 to continue to serve the Hong Kong Special Administrative Region. Now, as far as financial budgeting is concerned, the Hong Kong authorities have forsaken the principle of balance between revenue and expenditure that has been pursued over the years. In place of this a deficit budget has been introduced. In doing so they are killing the goose that lays the golden eggs. Hong Kong people are very much concerned and worried about this, being afraid that this practice will drain the financial reserve, aggravate inflation daily, affect their immediate interests right away and in the future, and thus have a negative impact on Hong Kong's economic development after 1997. We hold that these worries are fully justified and should arouse vigilance among the public.

The intensification of a full range of links and cooperation between Hong Kong and the mainland in all fields is of vital importance to the maintenance of stability and prosperity in Hong Kong. This year we will continue to strive to enhance exchange and cooperation between the two sides in the fields of economy, science and technology, culture, education, and so on, to a new level. We deeply feel that the vast number of Hong Kong compatriots cherish a deep love for the motherland. Recently, the vast number of Hong Kong compatriots launched a drive supporting Beijing in its application for hosting the 2000 Olympic Games. This has once again displayed their patriotic enthusiasm, a proof of the law that blood is thicker than water. We believe that this valuable patriotic feeling will play a still greater role in all aspects in the years to come.

Looking forward to the future, we have full confidence in the bright prospects for both the China mainland and Hong Kong. Let us close the ranks and work together for an early accomplishment of the great undertaking of invigorating China.

#### Guangdong's Zhu Senlin on Taking Economic Lead

HK1903063293 Hong Kong SOUTH CHINA MORNING POST in English 19 Mar 93 p 14

[By Chris Yeung in Beijing]

[Text] Guangdong has vowed to take the lead in the socialist country's drive to replace the planned economy with a quasi-capitalist market economy.

Its provincial governor, Mr Zhu Senlin, said yesterday: "Guangdong has been one step ahead of other parts of the country in the past 14 years of reform. In the present market-oriented economic reform, we will still move one step ahead of others."

**Speaking to Guangdong delegates at the National People's Congress plenum, he said the province "had no reason not to accelerate its pace of economic development".**

He said the international environment was favourable because foreign funds were seeking new outlets as Western countries were still suffering an economic downturn.

The links with overseas Chinese businessmen and the foundation built over the past 14 years of reform and the open door policy in Guangdong further strengthened the basis for a faster pace of growth, Mr Zhu said.

He said economic growth in the province so far this year recorded a remarkable increase.

Industrial output had jumped 30 percent in the first two months of this year, and the total for basic infrastructure investment shot up by about 90 percent when compared with the same period last year.

As long as the government took note of the need to readjust structures, enhance efficiency, and regulate the money supply, Mr Zhu was confident the province would not only be able to fulfil the targets of growth, but attain better results.

But he warned against an overheating of the economy.

A heated economy was a good thing as it could be a driving force to growth, he said. However, an overheated economy was bad when economic development failed to consider market demands, economic efficiency, and the balance of supply and demand.

"We have to prevent it," he said. "At present, the economy has not been overheated as a whole. But there are signs of overheating in some sectors and areas. It's imperative to avoid it now."

He said the provincial government would form a task force next month to supervise monetary matters such as the money supply and fixed asset investments and funding to avoid overheating.

Mr Zhu indicated that reforms of the state-owned enterprises and the separation of state and enterprises would be increased.

Foreign investors would be sought to form partnerships with some enterprises to help renovate technology and management.

He said billions of dollars would be spent to upgrade its transport and communication network this year.

Agriculture would also be a top priority to help solve the problem of food shortages in some areas.

**Qin Jiwei, Deputies on Army Building, Economy**  
*OW1903033293 Beijing XINHUA Domestic Service in Chinese 1257 GMT 18 Mar 93*

[By reporter Luo Yuwen (5012 3768 2429)]

[Text] Beijing, 18 Mar (XINHUA)—During a meeting deliberating the Government Work Report, deputies from the People's Liberation Army [PLA] attending the National People's Congress [NPC] said: The new situation of accelerated reform, opening up, and economic development has set higher demands for army building. The PLA should do a good job in its own building and reform according to high standards, and should make more contributions toward attaining ahead of schedule the second-stage objectives of China's modernization drive.

Deputy Qin Jiwei said: The present situation is excellent, and our major principles and policies have already been laid down. The crucial task is to seize the opportunity, make efforts, and perform actual deeds to consolidate and enhance the present excellent situation and ensure a sound development of the economy and other undertakings. We should know how to sum up experience; promptly discover and solve problems in our work; and actively and properly push forward reform, opening up, and economic construction. In his report, Premier Li Peng has set very high demands for army work. Our comrades in the Army must seriously implement Comrade Deng Xiaoping's thinking on army building for the new period, carrying out the general demand set by Central Military Commission Chairman Jiang Zemin for "being politically qualified, militarily tough, good in work style, strict in discipline, and effective in logistic support"; must strive to do a good job in army building and reform; must raise the Army's combat effectiveness in an all around way; and must accomplish in an even better manner the glorious tasks assigned by the party Central Committee and the Central Military Commission.

Deputy Chi Haotian said: During the new period, we should persistently take economic construction as the central task and concentrate on economic development. However, at the same time we should be prepared for danger in time of peace, firmly establish the notion that there will be no peace nor stability without an Army, and deem it our duty to pay attention to and support national defense construction. The major tasks in national defense construction are: 1) to strengthen army building, 2) to develop science and technology for national defense, as well as weaponry and equipment, 3) to establish and perfect a sensitive and efficient mobilization mechanism, and 4) to create a social environment in which all people attach importance to, show concern for, and support national defense. All these tasks need concern and support from the party organizations and governments at all levels. So long as our comrades in

both the Army and civilian organizations unite as one, we certainly can do an even better job in national defense construction.

Deputy Zhang Wannian said: Army building should be subordinated to the country's economic construction; this is an important strategic thinking put forward by Comrade Deng Xiaoping, as well as the basic principle for us to handle the relationship between national construction and army building. In order to implement this thinking of Comrade Deng Xiaoping's, on one hand the Army should play the role of an important force in building socialism with Chinese characteristics; on the other hand, it should play the role of an iron great wall in defense of our socialist motherland. To actively support and participate in the country's economic construction, reform, and opening up is an important action in the interest of the whole, showing the intrinsic quality of the people's army. To fundamentally subordinate ourselves to the country's economic construction in deeds, we should firmly establish the notion of being a fighting force; base ourselves upon existing conditions; bring into play our subjective initiative; do a faster and better job in army building and reform; strive to enhance our defense capability under modern conditions; effectively perform the army's duties; and provide a security guarantee for the country's reform, opening up, and economic construction.

As regards how the Army's political work can keep pace with the new situation of reform and opening up, Deputy Yu Yongbo said: We should ideologically arm the cadres and fighters of the entire Army with the theory on building socialism with Chinese characteristics. We should raise the awareness and firmness of the officers and men in adhering to the party's basic line, make great efforts to promote the spirit of sacrifice and dedication, correctly treat the readjustment of relations among different interests, strive to raise the Army's ideological and moral level, and resist and overcome the influence of decadent thinking. The Army's modernization needs a large number of scientific and technological personnel, so we must establish a set of policies and systems which are conducive to retaining qualified personnel and to bringing into play the wisdom and talents of scientific and technological personnel. One by one, we should study and find quick solutions for existing problems concerning the employment of scientific and technological personnel, their separation and promotion, the improvement of their material treatment, the appraisal of and reward for their scientific and technological achievements, their opportunity of pursuing advanced studies, and the employment and schooling of their dependents.

Deputy Fu Quanyou said: Central Military Commission Chairman Jiang Zemin has called on the logistics department to ensure effective logistics support. This is a very high objective as well as the central task of the logistics work for the present and for a long period to come. A large portion of the logistics work is military economic work, an important component part of the national

economy. We should meet the demand of taking economic construction as the central task and take a further step to display the fine traditions of building the Army through thrift and hard work. We should meet the country's demand for deepening reform and opening up wider, and should adapt our logistics work to a socialist market economy. We should meet the demand of military strategy for the new period and increase logistics development in an all around way. From now on the PLA's logistics department should further improve the grass-roots logistics management, strive to make policy-making more scientific, raise the standards of logistics management, and enhance military economic efficiency.

#### Work Report Supported

OW1903100593 Beijing XINHUA in English 0947  
GMT 19 Mar 93

[Text] Beijing, March 19 (XINHUA)—The country's acceleration of economic development has set still higher requirements for the army, some military deputies to the Eighth National People's Congress (NPC) said.

The deputies, who are high-ranking officers of China's Armed Forces, made the remarks at a group discussion on Premier Li Peng's Government Work Report delivered at the current NPC session which opened on March 15.

Defense Minister Qin Jiwei said that since the country's general guideline for developing economy has been set, the key task at present is to seize favorable opportunities to consolidate and develop the current good situation.

He said that the country should promptly review the past experiences and, discover and solve existing problems, so as to push ahead with reform, opening up and economic development in an active and steady way.

As Premier Li Peng's report has posed high requirements on the work of the Army, Qin said, the Army should improve and reform itself so as to raise combat strength and better perform the duty endorsed by the Communist Party Central Committee and the Central Military Commission.

General Chi Haotian, a member of the Central Military Commission, said that the army should firmly adhere to the central task of economic development and concentrate all resources to boost the national economy. At the same time, it should always remember and perform well its duty in national defense.

Zhang Wannian, chief of the General Staff of the People's Liberation Army (PLA), said Deng Xiaoping's thinking that the army building should accord with economic development of the country as a whole is the basic principle for handling the relations between development of the country and the army building.

Yu Yongbo, director of the PLA General Political Department, said that the army should make all officers

and service men grasp the theory of building socialism with Chinese characteristics.

Fu Quanyou, director of the PLA General Logistics Department, said that the army's logistic service should be adapted to economic development and development of a socialist market economy.

#### **Liaoning Secretary Attends Meeting of Deputies**

*SK1903081393 Shenyang Liaoning People's Radio Network in Mandarin 2300 GMT 18 Mar 93*

[Excerpts] According to the dispatch of our station reporter, (Liu Yisha), from Beijing Municipality, our province's deputies to the First Session of the Eighth National People's Congress [NPC] held a meeting in the Great Hall of the People's Liaoning Hall on the morning of 18 March. During the meeting, the deputies examined and discussed the Government Work Report given by Premier Li Peng by bearing the province's reality in their minds.

Quan Shuren, head of the provincial delegation, presided over the meeting. Deputy Yue Qifeng delivered a speech in which he said: In his government work report, Premier Li Peng (?expounded the tasks of improving the national economy to a new level) as soon as possible. Therefore, we should score due results in invigorating the economy in line with the province's reality; catch up with the current pace of development; firmly seize the opportunity; and do a good job in conducting the second-phase pioneering project. He said: The province's economic position in the country is gradually moving to the back row. We must pay great attention to the situation. The current emphasis of our work should be put first on providing conditions for out-dated enterprises to achieve new development, encouraging enterprises to enter markets, and successfully helping outdated enterprises conduct technical grafting and renovations; second on vigorously fostering new points of economic growth, boosting farming production, and vigorously developing township enterprises; and third on doing a good job in rendering services for talented science and technology personnel and accelerating the pace of turning the scientific and technological results into productive forces. Yue Qifeng said: We should vigorously develop the tertiary industry; enforce the systems of various styles, such as joint- venture business, private business, and collectively-owned business; and achieve in making new input and reaping a high harvest. [passage omitted]

The meeting was full of an enthusiastic atmosphere, at which (Wu Xianqing), deputy from the management bureau of Liaohe oilfield, and (Li Shaozhou), deputy from the provincial people's bank, voiced their opinions on the issues of having large and medium-sized enterprises shift their business mechanism and having business render service for making the province's economy prosperous.

Attending the meeting as visitors were reporters from more than 10 overseas journalist units, including the LIANHE BAO [THE UNITED NEWS] and ZHONGGUO SHIBAO [CHINA TIMES] of Taiwan; the DONGFANG RIBAO [ORIENT NEWS] and the English news daily of Hong Kong.

#### **Presidium Submits Constitutional Revisions**

*OW1803154093 Beijing XINHUA Domestic Service in Chinese 1140 GMT 18 Mar 93*

[Text] Beijing, 18 Mar (XINHUA)—The Presidium of the First Session of the Eighth National People's Congress [NPC] held its second meeting at the Great Hall of the People this afternoon. The meeting decided to submit the CPC Central Committee's supplementary proposal to the NPC Presidium on amending part of the Constitution dated 14 March, the CPC Central Committee's proposal on amending part of the Constitution dated 14 February, and the Seventh NPC Standing Committee's draft amendments to the Constitution to the current NPC session for approval.

The CPC Central Committee's supplementary proposal on amending part of the Constitution contains the following three main points:

1. "The system of multiparty cooperation and political consultation led by the CPC will exist and develop for a long time to come" be added to the end of the 10th regular paragraph of the Constitution's Preamble.
2. "Improve macrocontrol" in Section 2 of Article 15 of the Constitution in the original proposed amendments be changed to "perfect macrocontrol." The same section's "disturbance of the orderly functioning of the social economy by any organization or individual is prohibited according to the law" be changed to "the state prohibits, according to the law, disturbance of society's economic order by any organization or individual" and be paragraphed to Section 3.
3. "Collective economic organizations practice democratic management in accordance with the law" in Section 2 of Article 17 of the Constitution in the original proposed amendments be changed to "collective economic organizations practice democratic management, elect and recall managerial personnel, and make major management and operational decisions in accordance with the law."

The CPC Central Committee's explanation on the proposed constitutional amendments points out: The Constitution enacted in 1982 is a good constitution, and it has played an important role in the nation's political, economic, and social life. Nevertheless, along with continuous progress in China's reform, opening up, and socialist modernization, some provisions in the Constitution have become incompatible with realities in the nation's political, economic, and social life, and they need to be amended and supplemented in accordance with legal procedures.

The explanation points out: Guided by the spirit of the 14th CPC National Congress, the proposed constitutional amendments contain necessary revisions of the relevant provisions on major issues in the nation's economic, political, and social life. The amendments underscore the theory on building socialism with Chinese characteristics and the party's basic line. Also, based on new experiences gained in China's socialist modernization, reform, and opening up over the past decade or more, the amendments give particular emphasis on revising and supplementing the relevant provisions on the socialist economic system to bring them more in line with the realities and needs of development. The current amendments do not represent a comprehensive revision of the Constitution: Amendments are made to only where they are necessary. Also, some problems regarding the Constitution can be resolved in the future by means of interpreting the Constitution. The method of amending the Constitution will be based on the amendment method used in 1998, and, at the same time, the published version of the Constitution will be revised according to the amendments.

Executive Chairman Qiao Shi presided over today's Presidium meeting. The meeting also passed a draft decision on the organizational reform of the State Council, a draft procedure for the session to elect and decide on appointments, and a draft approval procedure and voting method for the Basic Law of the Macao Special Administrative Region (Draft) of the PRC, which is to be submitted to the NPC session for approval.

#### Economic Ministers Hold News Conference

OW1903031993 Beijing Central People's Radio Network in Mandarin 1100 GMT 18 Mar 93

[“Excerpts” of news conference by Li Lanqing, minister of foreign economic relations and trade, and Chen Jinhua, minister in charge of the State Commission for Restructuring the Economy, held on 18 March; place not given; moderated by Zhou Jue, spokesman of the ongoing session of the Eighth NPC; from the “Special Program on the First Session of the Eighth National People's Congress and the National Committee of the Chinese People's Political Consultative Conference”—recorded]

[Text] [Zhou Jue] Ladies and gentlemen, today we are very pleased to invite Mr. Li Lanqing, minister of economic relations and trade, and Mr. Chen Jinhua, minister in charge of the State Commission for Restructuring the Economy, to meet with you and answer questions on China's foreign economic relations and trade as well as on reform of the economic system.

[Li Jin] I am Li Jin, reporter for the Central Television Station. Minister Li, our government is striving to restore as soon as possible its status as a signatory country to GATT. What progress has been made in this

direction? What are the obstacles? Is it possible for China to restore its status this year? Thank you.

[Li Lanqing] As all of you know, beginning last year negotiations on resuming our GATT contracting party status had entered the stage of discussing a conclusion of protocols—in other words, the essential stage. During the negotiations, we held many consultations with GATT's China work group. These consultations are continuing in Geneva. In the past six years or so since China demanded the resumption of its GATT contracting party status, we have carried out major reforms of our trading system in accordance with both international practices and our national conditions. The major aspects of our reform are as follows: 1) The abolishment of export subsidies and import regulatory tariffs, reduction of quotas and the number of license-controlled commodities, and abolishment of mandatory plans for exports and imports. We will also abolish over two-thirds of import permits within two years. Other non-tariff measures will be considerably reduced. 2) A gradual lowering of tariffs. On two occasions we have lowered tariffs for over 3,000 kinds of import products. As a result, the general tariff level was lowered by 7.3 percent. 3) Abrogation of the detailed list of all import substitutes and increased reform of our foreign exchange system. 4) Acceleration of foreign trade legislation and increased transparency of foreign trade policies, laws, and regulations. We have promulgated 47 documents of rules and regulations, and at the same time abolished 122 others. Now over 80 percent of our prices are determined by the market. All this shows we have done much to reform our work. The process of restoring China's status in GATT is still going on, and bilateral and multilateral talks in this regard will continue. I believe that as one of the world's important trading country possessing a huge trade potential, China must—just as the premier has said—regain its status as a contracting party in GATT. I think resumption of China's contracting party status is only a matter of time. Thank you.

[Chih Le-yi] Mr. Minister, how are you? I am Chih Le-yi from Taiwan's KUNG SHANG SHIH PAO [INDUSTRIAL AND COMMERCIAL TIMES]. I have this question. Once the two sides of the Taiwan Strait become GATT members, the mainland is likely to hold consultations and negotiations with Taiwan. Could you please tell me what is the first thing you want to discuss with Taiwan? If Taiwan wants to use Article 35 of the [words indistinct] to refuse talks with the mainland, what countermeasures will you take? Thank you.

[Li Lanqing] We have always advocated the three exchanges [establishment of direct trade, mail service, and air and shipping services] across the Taiwan Strait. Refusing direct trade, mail service, and air and shipping services between the two sides is not only unfair and unreasonable, it is also not economical. It is a policy which we cannot comprehend. Therefore, we support the three exchanges. As to the question of establishing contact between the two sides of the Taiwan Strait within

the GATT framework for the purpose of achieving direct trade and other things, I think this is a domestic issue, an issue to be resolved through consultation between the two sides on the basis of one China and one country, and there is no need to resolve them through international organizations.

[Male reporter] I am from JINGJI RIBAO. I would like to ask Minister Chen Jinhua this question. Nine years have passed since the promulgation of the "Regulations Governing the Change of Operating Mechanisms by Industrial Enterprises Owned by the Entire People" in July 1992. However, implementation of the regulations has not been as satisfactory and widespread as it should be. In some places, resistance is quite formidable. Could you discuss the reason why and the ways of dealing with it? Thank you.

[Chen Jinhua] The "Regulations Governing the Change of Operating Mechanisms by Industrial Enterprises Owned by the Entire People" was officially promulgated by the State Council on 23 July 1992. During the more than half a year since its promulgation, good progress has been made in its implementation. It is mainly reflected in the following: The regulations require every department, province, region, and municipality to enact implementation measures; out of the 30 provinces, autonomous regions, and municipalities in our country, 28 have enacted such measures. As a result of the implementation of these regulations, enterprises have done a better job than they did in the past in changing operating mechanisms. The percentage of large and medium-sized enterprises owned by the entire people and currently in deficit has decreased from one third of the total number to 24.1 percent—almost one fourth. This shows that implementation of the regulations has been fairly successful. Why then do we say the implementation has not been satisfactory? This is because some localities, units, and departments have not completely delegated decisionmaking power to enterprises in 14 management and operation areas as required under the regulations. Thus, a number of enterprises are not completely free to exercise decisionmaking power in operations and management, and this has prevented them from entering the market. What we plan to do next is emphasize propaganda, study, and implementation of the regulations in order to earnestly enhance people's awareness of the need for enterprises to exercise decisionmaking power in operations and management as delegated to them by the state. Without decisionmaking power in operations and management, it is impossible for enterprises to enter the market and become major players. Second, all localities and departments must step up formulation of relevant supporting rules and regulations, as well as implementation measures, to ensure that enterprises acquire decisionmaking power in operations and management as soon as possible. Third, we must review, revise, or abolish as necessary old rules and regulations that impede the way for enterprises to exercise decisionmaking power in operations and management, to enter the market, and to become its major players. Fourth, we must strengthen

supervision and inspection, as well as summarize and exchange our experiences, in order to promote the successful implementation of the regulations by state-run large and medium-sized enterprises.

[Unidentified male reporter] I am from the Japanese newspaper [name indistinct]. I would like to ask Minister Li this question. In negotiations on restoring China's status in GATT, Western countries have asked China to enact safeguard [an quan bao zhang] provisions for Western countries. What is your reaction to this?

[Li Lanqing] As the name suggests, GATT is an agreement on tariffs and trade. We have indicated on many occasions that we are willing to hold negotiations on tariffs on the basis of the general principles of GATT. Through negotiations, our tariffs will be set at the level of developing countries in accordance with the GATT agreement. I believe there is no need for other safeguard provisions. GATT, I think, provides for both rights and obligations. If one's rights are greater than one's obligations, I think other countries will not accept that. Likewise, neither will any principle be accepted which makes one's obligations greater than one's rights. Only a principle based on equality can be accepted. If you want us to provide safeguards, are you then willing to provide safeguards for us?

[Wang Daitong] My name is Wang Daitong. I am a reporter for KEJI RIBAO. Chinese people are very much concerned with the reform of commodity prices. Minister Chen, would you please comment on what new measures the Chinese Government will take for this year's price reform? Thank you.

[Chen Jinhua] People in all quarters are very much concerned with price reform, which is part of China's economic reform. We think China has been quite successful as regards price reform, primarily because no big shocks have occurred in society while we gradually decontrolled prices and let the market develop its own mechanisms to regulate prices. Reform has expedited economic development and improved the people's livelihood. This is a commonly acknowledged fact. On the whole, the current situation of price reform is: The state sets prices for only 15 percent of agricultural goods, 10 percent of (?industrial goods), and 30 percent of production materials—calculated according to factory prices. This shows that a great percentage of prices have been readjusted. In the future we will continue to readjust the prices of energy, communications services, and raw and semi-finished materials in a planned manner. This is because these prices have been (?too low) for a long time. Enterprises are losing money in their production and operations. Thus we have to continue to appropriately readjust the prices of energy, communications services, and raw and semi-finished materials. As for how much will be readjusted and when will prices be readjusted, we have to see the tolerance of various quarters. We may do what we have been doing over the past several years. This is to say that, while we will let market mechanisms

gradually regulate prices, we will make sure the readjustments will not create any large economic shocks in society. As pointed out in Premier Li Peng's government work report, we expect major breakthroughs will be achieved in this sector within the next five years. We hope the price reform project will be basically accomplished within three to five years.

[Unidentified male reporter] I am a reporter for the Central People's Radio Network. I want to ask Minister Li a question. From what we know, China now enjoys a relatively large favorable trade balance in our trade with the West. You stated in your written report that China's favorable trade balance was \$4.37 billion in 1992. Minister Li, how is the Chinese Government going to deal with this issue? Thank you.

[Li Lanqing] Exports reached \$85 billion last year, and imports were \$80.6 billion. The book value of our favorable trade balance was \$4.4 billion. This should be considered as a small—not a large—favorable trade balance. In fact, we did not have a favorable trade balance. We can find the reason for this if we go over the statistics released by the CIA of the United States. As I have just said, China's total export was \$85 billion last year [words indistinct], including \$8.6 billion with the United States. That was an increase of 39.5 percent over the preceding year. But the U.S. side said we enjoyed a favorable trade balance of \$18.3 billion; the European Community said we enjoyed a favorable trade balance of over \$10 billion; and Japan also said we enjoyed a favorable trade balance of \$5 billion. The sum of these three figures alone already exceeds \$30 billion. Apparently these figures have been seriously distorted. In connection with this, I proposed to former U.S. Secretary of State Baker and Former Secretary of Commerce Franklin the formation of a panel of Chinese and American statisticians to study this issue so as to reach a common understanding based on facts. They endorsed the idea. I hope this project can be carried out at an early date. But this figure I [words indistinct]. However, this does not mean we are not willing to actively import from other countries. I said a while ago our basic trade policy is one of achieving a balance of imports and exports under the premise of reserving the necessary foreign exchange. Moreover, the growth of our imports has significantly exceeded the growth of our exports since 1992. According to our original Eighth Five-Year Plan, total imports will reach \$300 billion. Since we have adjusted the growth of this plan, imports will continue to grow accordingly. I estimate the figure will exceed \$350 billion. This is a huge figure. We welcome businessmen of all countries to compete in China and acquire their shares of this \$350 billion. Our approach to importing goods from other countries has been a very active one.

[Unidentified female reporter] I am a reporter for Taiwan's LIEN HO PAO. We know the Chinese mainland has encountered some difficulties in joining GATT. If the mainland's access to GATT has been delayed, will this delay also affect Taiwan's efforts to join GATT? Would you please comment?

[Li Lanqing] With regard to Taiwan's GATT membership as an independent tariff region of China, during our three days of negotiations with GATT officials we reached an understanding that China would be first, and Taiwan would follow later. This is one of the three important understandings we reached. It is hard to say now whether Taiwan has affected us or we have affected Taiwan. We think the negotiations were also not easy for them. It is a matter of principle that our membership should precede that of Taiwan. This is to say that Taiwan should not join GATT as an independent tariff region of China until China's GATT membership has been reinstated. An old Chinese saying goes: With the skin gone, what can the hair adhere to? How can there be an independent tariff region of China if the sovereign state's GATT membership has not been reinstated? This is a matter of principle. The issue of timing is not important. The time difference is not a matter of principle.

#### Democratic Parties 'Steadily' Expand

OW1803095893 Beijing XINHUA in English 0946  
GMT 18 Mar 93

[Text] Beijing, March 18 (XINHUA)—The democratic parties in China have steadily expanded their ranks by recruiting more young members in recent years, said the leading members of four of these parties at a press conference here today.

According to Chu Zhuang, vice-chairman of the Central Committee of China Association for Promoting Democracy (CAPD), people joining CAPD in the past decade account for over 90 percent of its total membership.

In CAPD, Chu said, members below the age of 39 account for 17 percent of its total membership and those above the age of 60, for less 20 percent. Other members are between 40 and 60.

Other democratic parties have had about the same growth as CAPD in recent years, Chu said.

The press conference was held specially for leading members of some democratic parties who are deputies to the Eighth National People's Congress or members of the Eighth National Committee of the Chinese People's Political Consultative Conference, both in session now in Beijing.

In response to a question about whether there are Chinese Communist Party (CPC) members in the democratic parties, Chu Zhuang said, in most cases, the democratic parties will not accept CPC members. The fact that there are now a few CPC members in the democratic parties is due to historical reasons.

CAPD was established in the 1940s as a united front organization, he said, and it was composed mostly of people from educational circles, including some CPC members.

"They joined CAPD as individuals, not as CPC members," he said.

Wang Wenyuan, vice-chairman of the Jiu San Society and deputy procurator-general of the supreme procuratorate, said the Chinese Government pays great attention to fighting corruption and its anti-corruption campaigns are directed chiefly at party and government officials with real power.

According to Wang, statistics of recent years show that the number of corrupt officials is small. Embezzlement and bribery cases involve mainly banking, construction, grain supply and marketing and supply cooperative sectors. In terms of personnel, the cases involve mostly factory directors, managers of commercial businesses and people engaged in purchasing, marketing and accounting, he said.

China now has eight democratic parties.

#### **Democratic Parties Support PRC on Hong Kong**

*HK1803145093 Beijing ZHONGGUO XINWEN SHE in English 1413 GMT 18 Mar 93*

[Text] Beijing, March 18 (CNS)—Deputies to the National People's Congress and the Chinese National People's Political Consultative Conference who are from democratic parties including the China Democratic League, the China Association for Promoting Democracy, the Chinese Peasants and Workers Democratic Party, the China Zhi Gong Dang, the Jiusan Society and the Taiwan Democratic Self-Government League have expressed strong resentment of Hong Kong Governor Mr. Chris Patten for his "three violations" breaching the spirit of the Sino-British Joint Declaration, convergence with the Basic Law and with understandings reached by China and Britain.

They pointed out that history books irrespective of whether they were written in the Mainland, Taiwan or Hong Kong all record the fact that Britain made Hong Kong a colony after the Opium War in 1843. They further said that any person attempting to revive such a period of history would be guilty of provocation of the national spirit of the Chinese.

Various deputies and representatives said that the Chinese government's position on the Hong Kong issue was firm, a move representing the interests of the Chinese people which deserved their full support.

#### **Number of Non-CPC Deputies at NPC, CPPCC Given**

*HK1803100093 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1104 GMT 17 Mar 93*

[Text] Beijing, 17 March (ZHONGGUO TONGXUN SHE)—According to statistics, there are 572 people of various democratic parties and patriotic people without party affiliation among the 2,977 Eighth National People's Congress [NPC] deputies, accounting for 19.21 percent of the total.

There are 1,262 non-CPC persons among the 2,093 Eighth Chinese People's Political Consultative Conference [CPPCC] National Committee members, accounting for 60.3 percent of the total. Among them, 97 are from the Revolutionary Committee of the Chinese Kuomintang, 155 from the China Democratic League, 122 from the China Democratic National Construction Association, 94 from the Jiusan Society, 70 from the China Association for Promoting Democracy, 58 from the Chinese Peasants' and Workers' Democratic Party, 29 from the China Zhi Gong Dang, 27 from the Taiwan Democratic Self-Government League, and 608 are persons without party affiliation.

The average age of the Eighth NPC deputies is 53. The number of deputies with tertiary education or education at a higher level stands at 2,046, accounting for 68.73 percent of the total. The number of the Seventh NPC deputies reelected as the Eighth NPC deputies stands at 859, accounting for 28.85 percent of the total number of the Eighth NPC deputies.

#### **Li Peng, Sichuan Group Hold Discussion 19 Mar**

*OW1903130493 Beijing XINHUA in English 1252 GMT 19 Mar 93*

[Text] Beijing, March 19 (XINHUA)—Premier Li Peng said here today that Sichuan, the most populous province in China, must give priority to agriculture in its economic development strategy.

Li Peng went to the Sichuan delegation and discussed development strategies for his native province with deputies to the Eighth National People's Congress (NPC).

After listening to the views of eight deputies, Li said Sichuan has scored great achievements since the adoption of reform and opening up policies. Per capita annual grain output in Sichuan has reached 400 kilograms, higher than the national average; it has also supplied the rest of China with large quantities of pork and vegetables.

He said Sichuan has a population of more than 100 million, of which the rural population takes up a big proportion, while its farmland is not sufficient. Strengthening its agriculture and developing its rural economy will have very important significance for the stability and development of Sichuan and southwestern China.

"All relevant departments should pay great attention to agricultural development and create further conditions for such development," he said.

It is necessary for Sichuan to develop a high-quality, high-yield and high-efficient agriculture, expand processing capabilities for grain and other farm produce, and make its agriculture suited to market demand.

Li called for the province to develop rural enterprises and local resources to increase farmers' income and support agricultural production.

The premier repeatedly talked about alleviating farmers' burden, saying that, in less-developed areas, local governments should show special care for the hardships of farmers.

Local officials should live a plain life, strive hard and be self-disciplined, he said.

When launching construction projects and other undertakings, he said, local governments must take into consideration farmers' financial capability.

Li Peng said Sichuan Province, known as a "land of plenty," has rich natural resources, sufficient manpower, a strong technical force and many defense industrial enterprises. He believes Sichuan will take on a new look by the end of the century with the common efforts of its people.

#### **Qian Discusses Border Areas With Xinjiang Group**

OW1903123093 Beijing XINHUA in English 1206  
GMT 19 Mar 93

[Text] Beijing, March 19 (XINHUA)—Chinese Foreign Minister Qian Qichen talked here today about opportunities for, and challenges faced by, China's border areas.

As well as a deputy to the Eighth National People's Congress (NPC) now in session, the foreign minister expressed his views on taking advantage of favorable opportunities in a group discussion of NPC deputies from the Xinjiang Uygur Autonomous Region on Premier Li Peng's government work report.

The Xinjiang NPC delegation is composed of 58 deputies from 11 nationalities in the region.

Qian Qichen said a changed international situation has turned Xinjiang from a land-locked region into a frontier for opening up.

Improvement of relations between China and its neighboring countries has created conditions for China's border provinces and autonomous regions to enter foreign markets, he said.

While paying tribute to Xinjiang's fruitful efforts in recent years in the construction of railways and establishment of cross-border trading posts, Qian pointed out that border regions face grave challenges.

Brisk border trade is a primary form of economic exchanges and will not last long, he said.

As its neighboring countries adjust their economic structure and grow in economic strength, China will gradually lose the economic superiority he now enjoys, he said.

The foreign minister urged all border regions to further improve their infrastructure and basic industries such as transport, energy and telecommunications to meet challenges they will face in years to come.

Border trade must develop into mutual economic cooperation, otherwise, China would fail to enter the big market of central Asia with a population of 50 million people, Qian said.

Xinjiang has established a number of joint ventures in the Commonwealth of Independent States, some of which are doing quite well, Qian said.

These CIS countries are rich in natural resources but face difficulties in their economic restructuring. "They need cooperation from China," he said.

"We should have foresight and try to open up markets by extending our cooperation with these countries to more fields," the foreign minister said.

#### **Delegates Warn About Neglecting Agriculture**

HK1903063393 Hong Kong SOUTH CHINA MORNING POST in English 19 Mar 93 p 12

[By Chris Yeung in Beijing]

[Text] Delegates of the Chinese National People's Congress (NPC) have sounded the alarm bells over the consequences of neglecting agriculture.

The plight of farmers has dominated the past three days of group discussions at the ongoing session, with a chorus of pleas for the central Government and local authorities to take immediate measures to solve the problem of low income.

Deputies say that 800 million farmers have suffered from low wages, a lack of funding for agricultural investment, inadequate regulation and corrupt officials.

At a group discussion, the delegate from Sichuan, Agriculture Minister, Mr Liu Zhongyi, asked: "If the countryside does not prosper, can industry be developed? Where will be the market for industrial products? Where can they sell their products?

"Agriculture is the basis for the national economy."

The Minister said the central Government should give more support to agricultural development, and the richer provinces in the coastal regions should give a hand to the lesser-developed central and southwestern region.

But he added: "The regions cannot rely on the central government.... Such problems (of regions competing for more funds) always exist. The regions have also had to seek funds from the society itself."

Mr Liu warned that the whole country would be affected if the rice bowls of the country, including the central and southwestern regions, failed to develop rapidly.

He said problems in agriculture were becoming acute as the country replaced the planned economy with a market economy, which has brought about new "conflicts and problems."

A senior official of the party committee of Sichuan, Mr Zhao Wenxin has called on the central government to pump more funds in agricultural development into the province with a population of 110 million.

He warned that the surplus workforce in rural areas of the province would flock to other regions to look for jobs if they were unable to make a living from the soil.

Mr Zhao also urged the central Government to conduct a comprehensive study of agricultural development, including the impact on farmers if China became a signatory to the General Agreement on Tariffs and Trade.

"They (foreign farm products) are fighting their way into our country. These are new problems that need to be examined."

Citing the fact that there were at least five organs under the central authorities which had a say in agriculture, Mr Zhao said they found difficulties in coordinating with those at the central-level.

Mr Yang Rudai, party secretary of the province, admitted that some disgruntled farmers had publicly complained about heavy taxes.

But he denied reports that hundreds of farmers had caused disturbances and that six of them had been killed.

He called on the government to help improve transport in the region, because millions of tonnes of goods could not be moved in and out of the province every year.

Governor of Sichuan Mr Xiao Yang urged the central Government to increase funding for the southwestern province to help the region to catch up with the rapidly developing coastal region.

Vice-Premier Mr Zhu Rongji yesterday warned local governments that funds designated for agricultural purposes should not be used for other purposes.

"The practice of paying IOUs to farmers will not be permitted ever again," he said.

#### **Factory Delegates Call for Unified Tax Rate**

OW1903134193 Beijing XINHUA in English 1326  
GMT 19 Mar 93

[Text] Beijing, March 19 (XINHUA)—Four factory directors and managers urged the government to speed up the transformation of government administrative functions, give enterprises management autonomy, unify tax rate so as to create a market environment for fair competition.

The entrepreneurs have come here to attend the current first session of the Eighth National People's Congress (NPC).

At a press conference held at the information center of the NPC here today, Guo Xilian, manager of Lanzhou

Chemical Industry Corporation in Gansu Province, told Chinese and foreign correspondents that what they need badly is the rights of making decisions in enterprise investment and of import and export.

Yang Guang, director of Guizhou Aluminum Plant, said that the change of management mechanism is still proceeding slowly in state-owned enterprises due to some obstacles.

According to the other two entrepreneurs, Huang Guancong, chairman and general manager of China Textile Machinery Ltd. in Shanghai, and Zhao Zhongyu, president of Panzhihua Iron and Steel Corporation in Sichuan Province, another major factor which obstructs state-owned enterprises in enlivening themselves is the ununified tax rate.

They complained that state-owned enterprises have to pay much higher tax than rural and foreign-funded enterprises, which has led to unfair competition.

There are over 10,000 state-owned enterprises in China and many managers have the similar complaints, according to the four managers.

"We hope the government will speed up reform of the tax system and unify the tax rates as soon as possible," Huang Guancong said.

According to him, income tax rates are quite different for enterprises as some pay 55 percent, some, 33 percent and the other, 15 percent or even lower.

Guo Xilian said that his corporation is a conglomerate which is still facing another problem—fund shortage.

So the corporation is willing to transfer part of shares to foreign firms to pursue international economic and technological cooperation, expand its market and change its operational mechanism.

Guo found an echo among the other three entrepreneurs who also expressed their intention to seek all kinds of cooperation.

Voiceing their support for the State Council's restructuring program, the four entrepreneurs said the program will promote the change of enterprise operational mechanism if it is fully implemented.

Zhao Zhongyu said government departments should give management autonomy to enterprises, strengthen macro management and serve enterprises.

Huang Guancong said, "We factory managers must observe laws and pay tax according to relevant regulations while the government institutions should return autonomy to enterprises and work out rules and regulations."

### Part Three of Work Report Terminology Series

OW1803132293 Beijing XINHUA in English 1306  
GMT 18 Mar 93

[Text] Beijing, March 18 (XINHUA)—(This is the third of a series of explanatory notes on terms taken from the government work report delivered by Premier Li Peng at the first session of the Eighth National People's Congress—editor)

9. Guideline of "stabilizing petroleum production in the eastern region, expanding it in the western region": This means maintaining a stable and high production of petroleum in east China while developing oil resources in western regions, particularly those in the Tarim Basin in the country's central Asian region of Xinjiang and natural gas resources in Shaanxi Province.

10. Dual-budget system: This means government revenues and expenditures will be divided into a regular budget and a construction budget. The regular budget covers general revenues received by the state as the manager and owner of assets, which will be used as regular government spendings on national security and stability, education, science, culture, public health and other social undertakings and for improving the people's life.

The construction budget covers revenues specified for use in capital construction and direct expenditures on capital construction.

In order, the regular budget comes first and the construction budget second. The former stresses a balance between revenues and expenditures, with surpluses to be used for economic construction; the latter stresses spending within means, with deficits to be made up for by issuing treasury bonds and borrowing from banks.

### Eighth CPPCC National Committee

Leader Criticizes UK Authorities in Hong Kong  
OW1903075693 Beijing XINHUA Domestic Service in Chinese 0301 GMT 19 Mar 93

[By reporter Ren Weidong (0117 5898 2639) and correspondent Gan Yiwei (3927 4135 0251)]

[Text] Beijing, 19 Mar (XINHUA)—While examining the Government Work Report along with members of the Guangxi delegation on 17 March, Cheng Siyuan, deputy to the National People's Congress [NPC] and vice chairman of the Seventh National Committee of the Chinese People's Political Consultative Conference [CPPCC], strongly condemned [qiang lie qian ze 1730 3525 6232 6307] the British authorities in Hong Kong for going against their word and undermining the foundation of cooperation.

Cheng Siyuan said: I lived in Hong Kong for a long time. I deeply feel that the rule which Hong Kong governors exercise on behalf of the British Government is an

autocratic rule and there is simply no democracy to speak of. The world praised the satisfactory cooperation which the Governments of China and Britain once had following the signing of the Joint Declaration in 1984. However, since October last year, Chris Patten, the newly appointed Hong Kong governor, with the support of the British Government, has broken the promise and unilaterally put forward a major program of changing Hong Kong's current political system, disregarding the interests of the people in Hong Kong and Hong Kong's prosperity and stability. This is a conspiracy which the Chinese people cannot accept.

Cheng Siyuan pledged that he firmly supports the principled stand of the Chinese Government on Hong Kong, which Premier Li Peng expounded in his report, and the statement issued by NPC deputies from Hong Kong and Macao.

### Patten Condemned for Undermining Cooperation

HK1803033893 Beijing ZHONGGUO XINWEN SHE in Chinese 0814 GMT 17 Mar 93

[By reporter Chen Liyu (7115 4539 1342)]

[Text] Beijing, 17 Mar (ZHONGGUO XINWEN SHE)—Chen Ziying, deputy director of the State Council Hong Kong and Macao Affairs Office, today said that the Chinese side consistently maintains that there should be cooperation between China and Britain but will never beg for cooperation; still less will it barter away principles.

Chen Ziying made the statement at a group meeting of the Hong Kong members of the National Committee of the Chinese People's Political Consultative Conference [CPPCC].

Chen Ziying said: The starting point of China's concern is to maintain Hong Kong's smooth transition, to ensure the smooth transfer of government when sovereignty over Hong Kong is returned to China in 1997, and to realize the Hong Kong people's self-government. Therefore, the Chinese side has consistently been seeking cooperation with the British side and has made great efforts for this purpose. In taking each step, it has extensively solicited the opinions of the Hong Kong people.

Chen Ziying said: Last October, Hong Kong Governor Chris Patten assumed an uncooperative attitude and unilaterally dished out a constitutional reform package that violated the Sino-British Joint Declaration, the Basic Law, and a series of understandings and agreements, thus undermining the original good cooperative relationship between China and Britain. Not long ago, the British side proposed that talks be held with the Chinese side on this issue through diplomatic channels, and the Chinese side made a positive response precisely in accordance with the above-mentioned good wishes.

It was regrettable that, at a time when Sino-British diplomatic contacts were making progress, Patten still insisted that British Hong Kong Government officials participate in the Sino-British talks in the capacity of official members, thus setting an obstacle to the talks. After his requirement was not accepted by the Chinese side, he suddenly announced the gazetting of his constitutional reform package in the form of legislation, and this action shocked the Chinese side.

Chen Ziyiing said: Patten created obstructions to the Sino-British talks on the grounds that the status of the British Hong Kong Government officials would be weakened if they could not participate in the talks. This was just a pretext. His purpose was to put the blame on the Chinese side for his position of rejecting the talks. As Patten has obstinately clung to his course, the British side must bear all responsibility for the dispute and its consequences.

Chen Ziyiing said: The Sino-British talks can be held at various levels, and there are also various channels for consultation. Some talks may be held through the Sino-British Joint Liaison Group; some may be held between the Hong Kong governor and the director of the State Council Hong Kong and Macao Affairs Office; some may be held between the two countries' foreign ministers; and some may be held through special envoys. As the Hong Kong governor and the Hong Kong and Macao Affairs Office director were not able to solve the issue in their talks, the talks should be held at a higher level or between special envoys. How can the British Hong Kong Government officials hold talks with the Chinese side? This matter is determined by the level and character of the talks, and it is not relevant to whether the status of the Hong Kong Government officials is being weakened.

Chen Ziyiing said: A promise must be honored, and an agreement must be implemented. This is international practice as well as an issue of whether one acts in good faith. In any circumstances, the Chinese side will act in accordance with the Joint Declaration and the Basic Law and will continuously solicit and listen to the opinions of the Hong Kong people. As for whether talks between China and Britain will be resumed in the next step, this will depend on how the situation develops.

Chen Ziyiing said that Patten's action has caused concern among the Hong Kong compatriots, has run into disagreement with people of insight in Britain, and has evoked worries among industrialists and businessmen.

#### **Macao Members' Statement Against Patten**

OW1903091393 Beijing XINHUA Domestic Service in Chinese 0746 GMT 18 Mar 93

[Text] Beijing, 18 Mar (XINHUA)—Statement issued by Macao members of the Chinese People's Political Consultative Conference [CPPCC] National Committee:

Hong Kong Governor Chris Patten's act of proposing a political reform program has violated the spirit of the

Sino-British Joint Declaration, the British side's promise to converge the development of Hong Kong's political system with the "PRC Basic Law for the Hong Kong Special Administrative Region," and the relevant agreements and understanding already reached between China and Britain. It has caused social and economic unrest in Hong Kong and has met opposition from the Chinese Government, as well as from many organizations and people of various strata in Hong Kong. We strongly denounce Chris Patten's act of suddenly having his political reform program gazetted at a moment when China and Britain were about to resume talks, thereby undermining the basis for talks and staking Hong Kong people's interests on such a program.

We firmly support Premier Li Peng's solemn and just stand stated in his government work report and deeply believe that the Chinese Government is determined and able to guarantee the implementation of the Hong Kong Basic Law.

We maintain that the British Government should bear all historical responsibilities and be held responsible for all serious consequences arising from the manmade obstacles created by Chris Patten on the Hong Kong issue.

We strongly demand the British Government to remove the obstacles and honor the Sino-British Joint Declaration, its promise to converge the development of Hong Kong's political system with the Basic Law, and the relevant agreements and understanding already reached between China and Britain. We will resolutely unite with Hong Kong compatriots and together strive for the smooth restoration and long-term stability and prosperity of Hong Kong!

[Issued by] CPPCC National Committee members from Macao

[Dated] 17 March 1993

#### **Member Calls for 'Reunification of Motherland'**

OW1903130293 Beijing XINHUA in English 1250  
GMT 19 Mar 93

[Text] Beijing, March 19 (XINHUA)—A representative from the Central Committee of the Revolutionary Committee of the Chinese Kuomintang (RCCK) today called for effective measures to oppose any attempt to divide the motherland and speed up the reunification of the motherland.

Jia Yibin, honorary vice chairman of the Central Committee of RCCK, made the call while delivering a speech to a full meeting of the first session of the Eighth National Committee of the Chinese People's Political Consultative Conference (CPPCC) held in the Great Hall of the People today.

Jia said that in the past year the exchanges between Taiwan island and the Chinese mainland have expanded and recorded breakthroughs in certain areas. Economic

and trade activities developed fast and progress was made in discussions on practical matters between authorized institutions from both sides of the straits.

He pointed out, however, recently political changes in Taiwan, rampant separatist activities both within and outside the island, as well as open or hidden support for "independence of Taiwan" or "independent Taiwan" by some international forces have added many unfavorable factors for expansion of the relations across the Taiwan straits and make the reunification of the motherland more complicated.

"We should deal with the issue of Taiwan with an urgent sense of duty for history," he said, adding, "we should take effective measures to stop any separatist activities, so as to develop the relations between the two sides of the Taiwan straits towards reunification."

Jia proposed that the CPPCC give full play to its advantages of wide contacts and abundant talents to strengthen contacts and communications with compatriots in Taiwan, Hong Kong and Macao and overseas Chinese, so as to unite all forces that can be united and jointly struggle against any separatist activities, and accelerate the peaceful reunification of the motherland.

Jia also proposed that more young people from Taiwan be invited to visit the mainland to learn splendid traditional culture of the nation, in order to enhance their feelings of patriotism and identity of the nation.

He said the mainland should further expand economic, trade and cultural exchanges and create better investment environment and tourist conditions to attract more Taiwan businessmen and tourists.

He called on the Taiwan authorities to take concrete actions to open direct trade, mail, aviation and shipping services between the two sides of the straits as soon as possible and take resolute measures to stop the growth of forces advocating "independence of Taiwan" in the island.

#### Leaders Meet With Members To Discuss Issues

OW1903091693 Beijing XINHUA in English 0905  
GMT 19 Mar 93

[Text] Beijing, March 19 (XINHUA)—Representatives of some democratic parties today voiced their opinions and suggestions on major issues at a full meeting of the first session of the eighth national committee of the Chinese People's Political Consultative Conference (CPPCC) which opened in Beijing on March 14.

Speaking on behalf of their parties, the representatives, members of the Eighth CPPCC National Committee, focused on some major issues concerning economic development in the country including changing the way in which enterprises operate and deepening reform of the scientific and technological system.

Chinese state leaders Li Peng, Zhu Rongji and Wei Jianxing were present at the meeting.

Wan Guoquan, representing the China Democratic National Construction Association Central Committee, suggested that the Central Committee of the Chinese Communist Party (CPC) and the central government pay special attention to changing the way in which state-owned enterprises operate, straightening up relationship of property right, stepping up change of government functions, and adopting efficient measures to help older enterprises to overcome difficulties.

He also said that the government should strengthen legislature and enforcement of laws and supervision and control over implementation of law.

The National People's Congress should quicken its pace in deliberating relevant laws including the corporate law, law against unfair competition, pricing law, law on the protection of employment and bank law, so as to ensure a start on the right track for the socialist market economy, he suggested.

Chen Xuejun, a representative of the Jiu San Society which is mainly composed of senior and middle-rank intellectuals, said that the country should take practical and effective measures to boost economy by relying on scientific and technological progress.

He proposed the government straighten up leadership and enhance coordination and management in the work.

An expert consultancy committee should be founded under the state council to coordinate the work of various ministries and commissions and assist the government in policy making on science and technology, he said.

If conditions permit, a unified and non-administrative state top consultancy organ on policy making on science and technology should be set up, Chen added.

In addition, he said, the country should increase investment in science and technology, promote development of the technical market, and do a good job in technical import, assimilation and progress.

Lu Rongshu, a representative of the China Zhi Gong Party (Public Interest Party), suggested the country to strengthen the work on overseas Chinese affairs to promote its role in economic development.

The Zhi Gong Party is formed of returned overseas Chinese, relatives of overseas Chinese and noted figures and scholars who have overseas ties.

He hoped that the "law to protect the rights and interests of returned overseas Chinese and relatives of nationals living abroad" should be further implemented.

Eight provinces and cities in China have formulated measures on implementing the law. Lu urged other

provinces and cities to follow suit and the state council to work out measures on implementation of the law at an earliest date possible.

Jia Yibin, an honorary vice chairman of the Central Committee of the Revolutionary Committee of the Chinese Koumintang, called for peaceful reunification of the motherland in his speech.

Other five members of the Eighth CPPCC National Committee made personal speeches on agriculture, alleviating farmers' burdens, railway construction, reform of financial system and oil development policy at this afternoon's meeting.

Today's meeting is presided over by Wu Xueqian, Ngapoi Ngawang Jigme and Hong Xuezhi, executive chairmen of the presidium of the first session of the CPPCC Eighth National Committee.

#### **Writer Seeks Legislation To Curb 'Interference'**

*HK1903131893 Beijing ZHONGGUO XINWEN SHE in English 1119 GMT 19 Mar 93*

[Text] Beijing, March 19 (CNS)—Chinese writer, Mr. Feng Jicai, speaking at a group meeting for literature and art circles during the current session of the Chinese People's Political Consultative Conference, said that the key to the safety sought by writers lay in legislation to cover literature and art.

The lack of a feeling of safety, Mr. Feng said, was both harmful and restricting for writers and artists. Reform and opening to the outside world require active thinking and imagination. The creative powers generated by the thinking of writers and artists can have a direct, effective and positive influence on those engaged in the implementation of reform and opening. To date, such a spiritual state falls short of meeting the needs of reform and opening.

Mr. Feng said he was convinced that the solution to the problem lay in legislation for literature and art where its purpose would be to protect the independent thinking and freedom of expression of writers and artists.

Rights and obligations held both by critics and those criticized could be put into a valid context by means of such legislation and this would go a long way in avoiding the old practice of having all criticism leading to political criticism. It would offer a solution to problems by referring to the law rather than by resorting to taking them to the leadership.

Mr. Deng Xiaoping once remarked that there should be no flagrant interference imposed on writers and their works and Mr. Li Ruihuan spoke in similar vein last autumn when talking on literary and art matters in the Inner Mongolia Autonomous region, saying that so long as any works were not in violation of the constitution, no brazen interference was necessary. Mr. Feng said that criticism and flagrant interference were two different matters. Criticism refers to discussion centered on the

ideological and academic fields on a basis of equality and in this process there can be either criticism in favour or against. Flagrant interference, on the other hand, is imposed by upper levels on lower ones with the involvement of administrative intervention. Such interference features rule by man rather than rule by law and the latter can only be achieved by means of legislation.

#### **Political & Social**

##### **Beijing University Posters Criticize Congress**

*OW1803071893 Tokyo KYODO in English 0650 GMT 18 Mar 93*

[Text] Beijing, March 18 KYODO—Wall posters appeared on the Beijing University campus Wednesday [17 March] criticizing the communist party for deciding government leaders ahead of parliamentary polls and rigging university elections but school authorities destroyed them, sources said Thursday.

The posters carried the name of the university paper YANYUAN NEWS and a political study group, according to campus sources. However, university authorities immediately tore down the posters, they said.

One poster alleged vote-rigging in the preparation of the main ballot for election of the university student union's leadership slated for early April and urged a democratic poll.

Opposition is mounting at the university after campus authorities openly interfered in the elections by forcing reformist students to withdraw their candidacies, student sources said.

A second poster, titled "News Bulletin," derided the National People's Congress' electing of replacements of top state leaders already decided by the party.

"As the results will come out soon, we fellow students would like to compare (them with our) results," said the Bulletin.

The congress is expected to install Communist Party General Secretary Jiang Zemin as China's president and Politburo member Qiao Shi as chairman of the legislature's Standing Committee.

Posters critical of the government have been extremely rare since the 1989 crackdown on the pro-democracy movement.

During the communist party's October 1992 14th National Congress, a few appeared with veiled criticism of the formal election of new posts which had already been agreed upon by the party in closed door sessions.

**'Handful' of Party, State Officials Corrupt**

HK1803144593 Beijing ZHONGGUO XINWEN SHE  
in English 1243 GMT 18 Mar 93

[Text] Beijing, March 18 (CNS)—The vice chairman of the Central Committee of the Jiusan Society and Deputy Procurator-General of the Supreme People's Procuratorate, Mr. Wang Wenyuan, speaking in reply to a question raised by this agency at a press conference, said that only a handful of party and government cadres were involved in bribery and corruption. Among those accused of corruption, cadres from the two bodies accounted for a small proportion.

Mr. Wang said that the procuratorate had set up anti-corruption bureaus throughout the country to counter corruption especially in some party and government organs and cadres holding real power. Judging from the current circumstances, party and government cadres are generally diligent and honest, he said.

Mr. Wang said, however, that under the premise of a market economy, everyone had to be aware of the fact that financial temptations had to be resisted by weak-willed persons. Anti-corruption work is seen as a long-term task and cannot be in any way relaxed and he said he was convinced that the authorities had to strengthen supervision of departments to make sure that there was clean government.

**Daily Calls for Fight Against Corruption**

OW1903081093 Beijing XINHUA in English 0752  
GMT 19 Mar 93

[Text] Beijing, March 19 (XINHUA)—The "PEOPLE'S DAILY" [RENMIN RIBAO], the leading national newspaper in China, today carried a signed article by a senior official, calling for a more intense fight against corruption to guarantee smooth economic development.

The article, by Hou Zongbin, deputy secretary of the Central Commission for Discipline Inspection of the Communist Party of China (CPC), said that at present the mainstream of the party and government is clean and honest, but corruption is still a problem which the broad masses of cadres and people are greatly concerned with and hate bitterly.

The article stresses that it is necessary to enhance the understanding of the importance and protracted nature of the struggle against corruption and to make the utmost efforts to fight against corruption and build a more cleaner and more honest party and government in the whole process of the reform, opening up and modernization drive.

The article pointed out that one of the important characteristics of corruption at present is the utilization of power for personal gain, or the exchange between power and money. Therefore, the breakthrough lies in serious investigation and punishment of those officials who violate party discipline, laws and regulations.

Meanwhile, the article said, it is necessary to check the malpractices of some government departments and industries, which look legal, but often result in illegal personal gains.

The article called for accelerating the issuing of economic laws and regulations, setting up and improving the system of public supervision and paying more attention to educating cadres in honesty.

In conclusion, the article called on all party committees, administrations and organs of the CPC Central Commission for discipline inspection at all levels to broaden their minds, act boldly, and sum up their experiences in the battle against corruption.

**Peng Zhen Reportedly Critically Ill**

HK1903031893 Hong Kong MING PAO in Chinese  
19 Mar 93 p 2

[By special staff correspondent Chung Tzu-ming (6945 1311 2494)]

[Text] Sources have revealed that following Vice President Wang Zhen's death, Peng Zhen, one of the "eight political elders," has also been critically ill recently.

Since suffering from apoplexy [zhong feng 0022 7364] last year, Peng Zhen has been lying in bed, half paralyzed. His last public appearance was on the eve of the Spring Festival this year, when Jiang Zemin and other top CPC leaders visited him in the hospital. Judging from the television screen, at that time, although he was unable to sit up, he still looked in good spirits.

The sources said: As a matter of fact, Vice President Wang Zhen was on his deathbed one week before his death on 13 March (that is, beginning 5 March). But as he was in Guangzhou, far away from Beijing, the top leaders in Beijing gave instructions for the use of medicine and a respirator to prolong his life. It is quite possible that the Beijing authorities are also using the same method to prolong Peng Zhen's life at present so that the atmosphere of the current National People's Congress and Chinese People's Political Consultative Conference sessions may not be affected. However, no one can tell how long his life can be prolonged.

**Article Views Crime-Reporting Work**

HK1903083193 Hong Kong LIAOWANG OVERSEAS  
EDITION in Chinese No 10, 8 Mar 93 pp 7-9

[Article by Wang Yunsheng (3769 6663 5116), Wu Huijing (0702 2585 0513), and Shi Chaoxu (4258 2600 2485): "Tens of Thousands of Corrupt Officials Have Been Investigated and Punished Since the Establishment of Crime Reporting Centers Five Years Ago"]

[Text] On 8 March 1988, procurators of the Shenzhen Special Economic Zone who dared to take the initiative established the first economic crime-reporting center in the country. From then on, a struggle mobilizing the

masses to counter such corrupt phenomena as corruption and bribery was launched on a full scale in China. In no more than a year, more than 3,600 crime-reporting organs were established by procuratorial organs nationwide. Over the past five years, procuratorial organs have investigated and punished tens of thousands of corrupt officials.

Crime-reporting has given an impetus to the nationwide anticorruption drive. Investigation of a majority of large and important cases cracked by procuratorial organs nationwide were begun on the basis of the clues that were reported. Figures occupying powerful positions, such as CPC secretary of Shougang Beigang Corporation Guan Zhicheng, who embezzled 1.5 million yuan, Vice Chairman of Qinghai Provincial People's Congress Han Fucui, Director of Zhengzhou Railway Administration Pan Keming, Mayor of Luoyang City Wu Zhenguo, and Vice Mayor of Suzhou City Tang Ren, were sent to the "guillotine" or imprisoned after their crimes had been reported.

#### **Crime-Reporting Work—The First Step in Anticorruption Efforts**

Over the last decade or so, reform and opening up has poured new vigor and vitality into China's economy, and economic construction has made great strides forward. Meanwhile, some functionaries have become more liable to corruption, thus facilitating the growth of criminal factors. At one time, economic crimes became quite rampant. The struggle launched in 1982 for punishing criminals guilty of severe economic crimes had achieved remarkable success, but it was still difficult to discover criminal cases of corruption and bribery.

With the establishment of crime-reporting centers, the masses have been enthusiastically reporting crimes and constantly providing clues of crimes, thus once and for all altering the situation in which there was hardly any smooth channels for investigating and punishing criminals guilty of corruption and bribery. Over the past five years, reporting organs under procuratorial organs nationwide accepted and heard over 1.4 million criminal cases, of which more than 810,000 were criminal cases of corruption and bribery, more than 410,000 large cases involving 10,000 yuan each were placed on file for investigation, a total of 3,368 cadres at levels above counties and departments were involved, and more than 1.7 billion yuan of economic losses were retrieved on behalf of the state.

The trend to report crimes has vigorously frightened criminals and has protected innocent people from being investigated and determined to have legal responsibility. By launching the crime-reporting work, many criminal offenses, such as taking bribes, practicing favoritism, and perverting justice, can be exposed, thus forming strong media pressure to impel a large number of criminals to voluntarily surrender themselves and confess their crimes. Over the past five years, more than 42,900 people surrendered themselves to crime-reporting organs

under procuratorial authorities, of which more than 30,000 were criminals guilty of corruption and bribery.

Thanks to the crime-reporting work, a number of entrepreneurs, reformers, science and technology personnel, and party and government cadres who had been mistakenly accused were able to clear themselves of the charges. After it had been proved through investigation that the reported crimes had no foundation and once the situation had been promptly clarified, they could unburden themselves and throw themselves into economic construction at ease. It has been proved by facts that, without deepening crime-reporting work, the struggle against corruption and bribery would never have been deepened. The stronger the momentum of reporting crimes, the more profound the struggle is, and, if there are few moves to report crimes, the struggle will get bogged down. Crime reporting has become a key step in the anticorruption struggle. Regarding corruption and bribery cases placed on file for investigation by the Shenzhen City People's Procuratorate, up to 88 percent were crimes reported by people. Major cases—such as the one in which Zhang Xuanzheng, manager of the Trade Service Company of the National Trade Building, and two others took bribes of 1.56 million yuan; another one which involved Su Yangren, engineer of the Real Estate Company of the Shenzhen Nanhai Petroleum Exploration Service Corporation, who took bribes of over 210,000 yuan; and the extremely large case in which Gao Senxiang, director of the Shenzhen branch office of the China International Trust and Investment Industrial Bank, took bribes of 1.689 million Hong Kong dollars, of 662,000 yuan, and of \$5,000—were all investigated and cracked according to clues reported by the masses. In March 1991, procuratorial authorities in Shenzhen City, acting according to clues given in a crime-reporting letter, soon cracked 24 extremely large cases in which 28 people, including Chen Binggen, chief of the Shenzhen City Housing Management Bureau, had colluded with each other in taking bribes, and forced them to surrender the spoils of 5.6 million yuan.

#### **Crime-Reporting Work Has Gradually Taken the Path of Systematization and Standardization**

The crime-reporting work is a groundbreaking undertaking, and there is no ready-made experience to draw on. Procuratorial organs at various levels have consistently been making explorations for five years and have formed an initial crime-reporting mechanism by relying on the masses to punish criminals guilty of corruption and bribery.

First, various measures were taken to facilitate and to protect citizens exercising their right to report crime. Following the establishment of crime-reporting organs at various levels, telephones for the special purpose of reporting crimes were installed and made known to society at regular intervals. Crime-reporting boxes were installed in various places in cities and townships; itinerant and fixed-spot receptions were held in villages and mountainous areas at regular intervals so that the masses

could use various convenient forms at any time to inform against criminals guilty of corruption and bribery and to lodge complaints against them with the procuratorial organs concerned. In particular, the launching of civilized activities of reception over the past few years enabled the acceptance and hearing as well as investigation and punishment concerning crimes that were reported to have advanced to a new level. From last year onward, the phenomena of the masses bypassing the immediate leadership to report crimes, collectively applying for an audience with the higher authorities to report crimes, and repeatedly reported crimes have markedly decreased.

Second, the protection mechanism was established and strengthened and the legitimate rights of those reporting crimes and of those being accused were protected according to the law. The Supreme People's Procuratorate worked out and published the "Stipulations on Protecting Citizens' Crime-Reporting Rights"; Guangdong, Anhui, Hubei, and Shandong Provincial People's Congress Standing Committees deliberated on and passed the regulations of protecting citizens reporting crimes; procuratorates in Beijing Municipality, Jilin Province, and Henan Province, formulated—by themselves or jointly with such departments as discipline inspection committees and control commissions—a system of protecting those reporting crimes. Over the past five years, procuratorate organs nationwide accepted and heard a total of 4,432 cases of attacking and retaliating against people reporting crimes and investigated and affixed criminal responsibility on 548 people. For cases which did not constitute crimes, discipline inspection committees and control commissions were also asked to carefully and skillfully handle them, thus protecting the legitimate rights and interests of those reporting crimes and also enabling the nascent crime-reporting activity to subsist and continue to develop. Because the protection work has been strengthened, vicious cases of killing people who had reported crimes have not reoccurred since 1992. Meanwhile, various areas also investigated and took disciplinary actions in a few cases in which people who reported crimes actually intended to trump up charges against others. These areas clarified problems of more than 37,000 who were being falsely accused, thus clearing up the effects and protecting legitimate rights of those who were being accused according to the law.

Third, an incentive mechanism was established to reward those who had made contributions by reporting crimes. Over the past five years, procuratorate organs nationwide have awarded a total of 5,917 people with meritorious performance in reporting crimes, and the amount of monetary awards reached 1.352 million yuan. This played a positive role in inspiring the masses to report crimes. The Shenzhen City Procuratorate specially formulated "A Number of Stipulations on Rewarding Personnel With Meritorious Performance in Reporting Crimes." For the past several years, the crime-reporting center in Shenzhen has awarded 62 personnel

making contribution to reporting crimes; the amount of monetary awards exceeded 104,800 yuan, including a grand prize of 10,000 yuan and another of 8,000 yuan.

Fourth, the construction of the system has been firmly grasped so that crime-reporting work can follow the law. Soon after the crime-reporting work had been launched, the Supreme People's Procuratorate formulated and promulgated "A Number of (Provisional) Stipulations on the Supreme People's Procuratorate's Crime-Reporting Work," and, afterwards, it successively worked out the "Stipulations on Protecting Citizens' Crime-Reporting Rights" and the "Circular on Implementing the System of Putting on File Clues of Important Cases Accepted and Heard by Procuratorial Organs." Various localities also formulated some effective rules and regulations so that various systems related to the crime-reporting work were formed, such as systems of accepting and hearing cases, of sorting out cases, of examination and approval, of cases to be transferred to and handled by other organs, of investigation and punishment, of encouraging organs to handle cases, of replying to queries, of giving feedback, of keeping cases secret, of reward, and of protecting people reporting crimes, and that the crime-reporting work would take the path of systematization and standardization step by step.

Xiao Yang, former Guangdong Provincial procurator-general and incumbent deputy procurator-general of the Supreme People's Procuratorate who proposed founding the crime-reporting center five years ago, pointed out a few days ago at the national meeting on crime-reporting work, which was held in Shenzhen, that the goals of crime-reporting work in the days to come are: Building crime-reporting centers into professional organizations which keep in touch with the masses, which are convenient for entering lawsuits, which are quick to respond, which punish criminals and protect citizens' rights and economic construction. We must also focus on strengthening and perfecting the crime-reporting system, which is regarded as an important system of guarding against corruption and degeneration.

#### 'Pen Talk' on Family Planning Work

HK1503125093 Beijing RENMIN RIBAO in Chinese  
1 Mar 93 p 5

[“Pen Talk on Arming the Whole Party With Comrade Deng Xiaoping's Theory of Building Socialism With Chinese Characteristics” by Peng Peiyun (1756 0160 0061), minister of the State Family Planning Commission: “Thoughts on Carrying Out Family Planning Work With Still Better Results—Several Points of Understanding Gained From Studying the 14th Party Congress Report”]

[Text] The 14th party congress report regards continuously improving the people's living standards, keeping population growth strictly under control, and strengthening environmental protection as a major task for accelerating the pace of reform and opening up and

promoting economic development and comprehensive social progress in the nineties. This is the major task for the nineties as well as the entire period of the initial socialist stage. The building of socialism with Chinese characteristics requires us to offer a corresponding good environment of population.

### I.

At present and for a considerable period in the future, China will still face the following main problems in population: First, a large population and increasing number of births every year. Thanks to family planning vigorously pursued over the past 20 years, China's birth rate has dropped to a relatively low level. By the end of 1991, however, Mainland China's total population reached 1.158 billion. Influenced by the birth peak in the sixties and early seventies, China now has 120 million women who have reached the peak of their child-bearing age (20 to 29), and the figure will remain at 100 million by the end of the century. For this reason, the annual average births in the nineties will exceed 20 million. Such a large population constitutes a heavy burden to China's modernization program.

Second, the quality of population is not good enough. According to the fourth population survey, of the nation's population above the age of 15, some 180 million people are still illiterate or semi-illiterate, accounting for 15.88 percent of the total population. There are only 16.12 million people with a college education, accounting for 1.4 percent of the population. To accelerate economic growth, we must attach great importance to improving the qualities of laborers.

Third, there are a lot of problems in the population structure. In the age structure of the population, the proportion of elders has increased rapidly. By the end of 1991, the country had 100 million people over the age of 60 and the figure is estimated to reach 130 million by the end of the century, accounting for around 10 percent of the total population. China is a country with the most elders in the world. The problem of making proper arrangements in livelihood, amusement, and medical care for the elderly should be placed on the agenda.

In the urban-rural structure of the population, the proportion of China's rural population is big, accounting for 73.77 percent of the total population in 1990. This is an unfavorable factor for attaining the four modernizations, keeping population growth under control, and improving the qualities of population. With the development of a socialist market economy in the years ahead, the pace of population flow and urbanization will accelerate, which indicates social progress. At the same time, we will have to face the problems arising from this, including readjustment of the industrial structure, employment, housing, transportation, water and power supply, ecological environment, and management of family planning.

In the sex structure of population, the proportion of male and female is normal in the total population. With the

drop in the birth rate since the eighties however, there were more baby boys than girls. If this tendency is allowed to continue, it will lead to an imbalance of sexes and become a grave social problem.

To create a fine population environment for China's socialist modernization program, we should keep population growth under control so that it can meet the needs of economic and social development and can coordinate with the use of resources and environmental protection. In addition, we should strive to improve the quality of population, take note of studying the population structure and its tendency, and propose relevant policies and measures. It is a major task at present to keep the population number under control, but this cannot be carried out in isolation. If we merely try to reduce births at the expense of eugenics, late marriages and births, sex proportion, and aging problems, it will be impossible to resolve China's population problem and to fulfill the task of keeping population growth under control.

### II.

In a May 1990 letter to the China Family Planning Association, Jiang Zemin and Li Peng pointed out: "Family planning is one of China's long-term basic national policies. Proceeding from China's national conditions, this policy is based on Marxist theory that population should be suited to material production." The report of the 14th Party Congress clearly pointed out: "The efforts in family planning work should never be slackened. It is necessary to ensure the established target for population growth." This fully embodies the Party's determination in unwaveringly practicing family planning.

In light of Marxist theory that mankind's reproduction should be suited to material production, of the various factors human society depends for existence and development, material production and mankind's reproduction are the decisive factors. They depend on, permeate, and condition each other, constituting a contradictory entity of human social production. In this entity, the contradiction of material production is principal, which plays a decisive conditioning role. Nevertheless, mankind's reproduction plays an important role in social development, by either promoting or deferring social development. Material production, distribution, exchange, and consumption are directly related to population and are affected by the number, quality, density, and structure of population. Mankind's reproduction produces a great impact on a country's superstructure including politics, ideology, and culture.

Under socialist conditions, we should consciously readjust population growth so that it is suited to economic growth. At present and for a considerable period in the future, China should strictly implement the population of keeping population growth under control. We cannot let the population grow unchecked. Proceeding from China's national conditions and for the sake of speedily developing socialist productive forces, increasing the

comprehensive national strength of the socialist country, and improving the people's living standard, we should uphold the important strategic policy decision of family planning. This is in line with the economic structural reform and the objective of establishing a socialist market economic system. We should concentrate energy to boost economic construction and at the same time resolutely reduce the birth rate. On the question of family planning work, we cannot waver in the slightest degree.

### III.

The establishment of a socialist market economic system will enormously accelerate the pace of reform and opening up and tremendously promote the development and further emancipation of the social productive forces. Meanwhile, it is also necessary to create more favorable social and economic conditions for doing well family planning work.

With the acceleration of the pace of reform, opening up, and economic construction since last year, new progress has been registered in family planning work. At the same time, some new circumstances and problems have cropped up. Family planning work faces opportunity as well as challenge and the only way out is reform. On the one hand, the effective basic experience in family planning work over the years should continue to be upheld and improved. On the other hand, we should consciously adapt ourselves to the changes in the situation, emancipate our minds, seek truth from facts, continuously deepen reform of family planning work, and vigorously explore and gradually establish a new mechanism suited to Chinese-style reform, opening up, and socialist market economy.

This new mechanism should be an integration of the social restrained mechanism and the interest guided mechanism. In a developing country like China where the rural population accounts for the majority and economic and cultural development is uneven, a social restrained mechanism should not be ignored in order to strictly keep population growth under control. The current question is how to further implement the principle which combines state guidance with voluntary mass participation and further exercise restraint. To meet the new situation, it is necessary to strengthen the building of the legal system, establish perfect family planning laws and regulations as well as implementation procedures, and continuously increase the sense of legal system of the broad ranks of cadres and the masses so that the citizens can implement the family planning obligations prescribed by the law and that the government at all levels and working personnel can exercise management over family planning according to law. Doing well family planning is still an important function of the government at all levels. The party committee and government at all levels should undertake the responsibility of family planning in their locality and implement and improve the family planning target management responsibility system. It is necessary to earnestly strengthen and

improve family planning propaganda and other services, expand the fields of propaganda and services, and improve the qualities and upgrade the level. Only by offering better services focused on family planning can we enhance our capacity to keep population growth under control. We should be determined and make strenuous efforts to continue to strengthen basic level building and basic work, and gradually regularize, scientize, and legalize family planning work. At present, it is particularly necessary to improve the rural village and urban neighborhood family planning network and ensure that there are people at the basic levels in charge of the work. We should try by every means to stabilize the family planning work teams and ensure that the quantity and quality of this contingent will meet the needs of work. It is necessary to adopt effective measures to strengthen management over family planning of the floating population and those who are difficult to control. Only by doing the work well in a down-to-earth manner can we increase the state's macroeconomic regulation and control over population growth.

In the new situation, it is quite obvious that we cannot merely rely on the social restrained mechanism to check the population growth. It is necessary to place the establishment and improvement of the interest guided mechanism on the agenda. The interest guided mechanism applies the principle of material benefits to reward, take care of, and give preferential treatment to the households which have practiced family planning so that the masses can weigh the pros and cons, give up the idea of having additional babies, and practice family planning on their own initiative. In recent years, all localities have adopted a number of policy measures and achieved good results in offering preferential treatment in the forms of helping the poor, providing jobs in township enterprises, distributing lands and plots, and insuring the elderly and peasant households which have practiced family planning. In the years ahead, we should be more conscious in establishing and improving the interest guided mechanism which is conducive to family planning.

In improving the social restrained mechanism or establishing and improving the interest guided mechanism, it is necessary to mobilize the whole party, society, and relevant departments to grasp work and exercise management. It is now a general practice in the world to link population and environment of resources to sustained development, believing that settlement of the population, which is a major and complicated problem, should be combined with economic development, helping the poor, a rational utilization of resources, environmental protection, popularizing education, improvement in medical conditions, better household welfare, women and child care, improving women's status, urbanization, aging, and other problems and comprehensively dealing with them. As ours is a socialist country, we should consciously establish an overall point of view, comprehensively tackle the problem of population, and break a path of coordinated development of population, economy, society, resources, and environment.

Although practicing family planning and keeping population growth under control cannot directly create material wealth, they can indeed save a large amount of consumption fund for the state and society; alleviate the pressure caused by population growth on the people's basic necessities, education, medical care, employment, resources, and environment; and play an important role in promoting the socialist modernization program and improving the people's living standards. They also play a positive role in improving the quality of the population. Besides the marked contemporary effects, they will also benefit future generations and be of far-reaching significance.

### **Zhao Ziyang Reportedly in Hainan Since February**

*HK1903061693 Hong Kong THE STANDARD in English 19 Mar 93 p 7*

[Article by Chris Yang]

[Text] Zhao taken to Hainan: Disgraced party chief Zhao Ziyang has been temporarily banished to Hainan Island in an attempt by the Beijing leadership to avoid distractions during the National People's Congress (NPC) session.

Zhao was seen near a seaside resort, Sanya, on the southern province four weeks ago in a police vehicle and with a sizable army escort, the local China-watching OPEN magazine quoted an eyewitness as saying.

A prominent Tiananmen Square student leader, Wang Dan, who was released last month, has also been taken to the island for a "holiday" by public security personnel.

And the leader of a campaign to demand war reparations from Japan, Tong Zeng, had a two-week business trip to Shanghai "arranged" for him earlier this week.

The practice of banishing potential "troublemakers" from the capital seems to be working well this time. So far there have been few incidents or petitions involving dissidents, some of whom reported police monitoring.

Zhao, whose hopes of being rehabilitated were dashed at last October's party congress, had not been seen in public since his resignation in May 1989 over differences with conservative leaders on how to handle the student-led protests. But there had been several unconfirmed sightings of him at golf. OPEN magazine said he had requested an opportunity to work in southern China and had at one time won permission to go to Guangxi Province.

Zhao was not "elected" as an NPC deputy or invited as a member of the Chinese People's Political Consultative Conference.

### **Song Ping Visits Fujian, Praises Development**

*HK1903065793 Fuzhou Fujian People's Radio Network in Mandarin 1100 GMT 17 Mar 93*

[Text] Fujian must continue to thoroughly implement the spirit of the 14th CPC National Congress, firmly seize the current rare development opportunity, speed up the pace of reform and opening up, stick to attaching simultaneous importance to spiritual and material civilizations, promptly resolve problems we encounter in our progress, and do even better in every job. This was the hope expressed by comrade Song Ping [former member of the CPC Political Bureau Standing Committee] during his inspection and working tour of Fujian.

Comrade Song Ping conducted the tour of Fujian from 15 February to 17 March. Accompanied by provincial leaders, including provincial party Secretary Chen Guangyi, Jia Qinglin, Yuan Qitong, and Lin Kaiqin, and sparing no pains, he conducted an inspection tour and study deep in Fuzhou, Putian, Quanzhou, Xiamen, Zhangzhou, Sanming, Nanping, and other areas.

During the inspection tour, Comrade Song Ping fully affirmed Fujian's work. He pointed out: Since reform and opening up, there have been great changes in Fujian; its development has been very fast; its economic capacity has continuously increased; its people's standard of living have remarkably improved; and great achievements have been made in both its spiritual civilization and party building. This fully shows that Fujian's work has been well done. This is the result of the fact that the provincial CPC committee, government, and CPC organizations at all levels have thoroughly implemented the CPC Central Committee line, principles, and policies and have led people across the province to unite and struggle.

Comrade Song Ping cares very much about Fujian's enterprise reform. After inspecting a number of enterprises in Fuzhou, Putian, Zhangzhou, and Nanping, he said: Under the conditions of the market economy, state-owned enterprises must further deepen internal reform, quicken the change of operational mechanisms, and speed up technological transformation. Moreover, all corresponding and supporting measures must be appropriate. It is necessary to pay attention to improving social insurance for staff and workers so that enterprises can further bring out their new vitality.

Comrade Song Ping conscientiously inspected the coastal areas' work for opening up. He said: Fujian must make the best of the advantage of overseas and Taiwan compatriots, must continuously improve the investment environment, and must attract more businessmen from abroad to invest and set up factories there. We must actively cooperate with them and study their advanced foreign technology and management experience. We must expand the absorption of this technology and experience as we import their products and must more thoroughly master the skills we learn through this type of cooperation. We must pursue development in light of the

actual situation. In this way, development can be faster, and Fujian can head toward the international market independently.

Comrade Song Ping repeatedly stressed the need to do a good job in building new socialist rural areas. Learning that (Hongshan) town and (Ningtou) township in the outskirts of Fuzhou had joined up and cooperated to attain prosperity, he happily said: This is what it means when we say that the first one to get rich helps the next, and it embodies the superiority of socialism. Our goal is to gradually achieve the goal of common prosperity. He repeatedly told prefectural and county comrades that, in the future, whether in rural construction or in developing tracts of land, they should formulate unified plans, make careful arrangements, and use land sparingly. They should not arbitrarily occupy land and start projects on it.

Comrade Song Ping praised Zhangzhou for the special characteristics of its comprehensive agricultural development. He also said: When rural commodity production is well-developed, the pre-production, production, and post-production service system must catch up.

After seeing the collective forestry zones of Sanming and Nanping, Comrade Song Ping praised them for having found ways of forestry development which suit their own situations in the course of reform. He pointed out: The forest is a green treasure-house. Areas on the surface and underground in the vicinity of a forest can be developed and utilized. Comprehensive development can be carried out in various aspects such as education, convalescence [liao yang], and tourism.

At Xiamen University, comrade Song Ping held discussions with over 20 old, middle-aged, and young professors and scholars. He pointed out: Institutes of higher learning are places where talented people are trained. Science and technology are the primary productive force, and education is the foundation. Educational expenditure should be ensured. It is necessary to encourage schools to convert their own scientific and technological achievements into productive forces, promoting science and technology to serve economic development.

Throughout the tour, Comrade Song Ping repeatedly stressed: It is necessary to stick to attaching equal importance to the two types of work and ensure that the more reform and opening up are pursued and the more the economy is developed, the more spiritual civilization is strengthened. He praised Sanming city for its unremittingly fostering spiritual civilization through the masses managing themselves. He hoped that Sanming would continuously enrich the content of spiritual civilization and make new progress every year.

Furthermore, Comrade Song Ping conducted a special inspection of how party building was proceeding. He said: Since reform and opening up, we have made enormous achievements, which would have been impossible without the party's leadership. In strengthening the party's leadership, it is necessary to stick to paying

attention to the basic level and laying a foundation. He acquired detailed knowledge of how party building is proceeding in state-owned enterprises and foreign-invested enterprises and stressed that it is necessary to strengthen the work of party building in enterprises, centering around the central task of economic construction.

Comrade Song Ping affirmed the achievements in Fujian's birth control work. He said: In the future, it will be necessary to continuously implement the principle of primarily doing the three things [san wei zhu] and continue to do even better work in keeping with the provincial CPC committee's idea of attaching importance to the four foundations.

#### Biography of Late Vice President Wang Zhen

OW1903131693 Beijing XINHUA in English 1303  
GMT 19 Mar 93

[Text] Beijing, March 19 (XINHUA)—The following is a brief biography of the late Chinese Vice-President Wang Zhen, who passed away on March 12, 1993 in Guangzhou at the age of 85.

Wang Zhen was born into a peasant's family in 1908 in Liuyang County, southern Hunan Province.

He joined the Chinese Communist Youth League in January 1927, and was admitted into the Chinese Communist Party in May of the same year.

In 1927, he took part in the Changsha workers' rebellion and acted as a secret liaison for the Communist Party of China and helped delivering arms and ammunition.

Wang Zhen also participated in the world renowned Long March, a strategic manoeuvre by the Red Army to break the besiege [as received] by the Kuomintang troops and to fight against Japanese invaders.

After the anti-Japanese war (1937-1945) broke out, Wang Zhen served as the commander and political commissar of the 359th Brigade of the 120th Division of the Eighth Route Army.

At the beginning of 1941, the toughest year for the Communist Party-led forces in economic terms, Wang Zhen and his brigade came to Nanniwan of the revolutionary base in Yanan to carry out the famous great production campaign.

Wang Zhen was elected an alternate member of the CPC Central Committee at the Seventh National Party Congress held in 1945. In the winter of 1946, he was elected party secretary of the Shanxi-Suiyuan-Luliang region, and served as the commander and political commissar of the region's military area command and commander and political commissar of the second column of the Shanxi-Suiyuan military area command.

**At the second plenum of the Seventh CPC Central Committee in January 1949, Wang volunteered to lead his army to Xinjiang.**

**During the more than 20 years of his military career, Wang Zhen fought bravely. He was wounded on seven occasions. He made immortal contributions to the independence and liberation of the Chinese nation and the founding of New China.**

**In the early years after the founding of the People's Republic of China, Wang Zhen was secretary of the Xinjiang sub-bureau of the CPC Central Committee, and concurrently held the posts of acting commander and political commissar of the Xinjiang military area command.**

**In 1953, Wang became commander and political commissar of the Railway Corps of the People's Liberation Army (PLA).**

**In 1955, Wang Zhen served as a deputy chief of the PLA General Staff and member of the National Defence Council. In the same year, he was granted a PRC military rank of general.**

**In 1956, Wang became minister of state farms and reclamation, and after 1958, he led more than 100,000 ex-servicemen, urban youngsters and engineering and technical personnel to Xinjiang, Heilongjiang, Guangdong, Hainan and Yunnan to reclaim waste land and establish state farms.**

**During the "Great Cultural Revolution" (1966-1977), Wang waged a tit-for-tat struggle against the counter-revolutionary cliques headed by Lin Biao and Jiang Qing. He protected many cadres and intellectuals in disregard of his personal safety.**

**In 1972, he was involved in the leadership of the State Council and in January of 1975 Wang was appointed a vice-premier of the State Council at the Fourth National People's Congress.**

**In the struggle to crush the Jiang Qing counter-revolutionary clique, he resolutely supported the summary measures adopted by the party Central Committee.**

**After 1976, Wang Zhen took charge of the defence industrial departments and concurrently served as a member of the Standing Committee of the Military Commission of the CPC Central Committee. At the Fifth National People's Congress he was re-elected vice-premier.**

**After 1978, he was a member of the Political Bureau of the CPC Central Committee and vice-chairman of the CPC Central Advisory Commission. He was elected vice-president of the People's Republic of China at the Seventh National People's Congress in April 1988.**

**Wang Zhen was a member of the 8th, 9th, 10th, 11th and 12th CPC central committees and a delegate to the first seven National People's Congresses.**

**Wang Zhen was of a noble character and enjoyed a high prestige. He made outstanding meritorious contributions to the revolutionary cause. For all these, he commanded universal respect and love from the whole party, the whole army and the people of all nationalities of the country.**

### **Chinese People Living Longer**

**OW1903104193 Beijing XINHUA in English 1000  
GMT 19 Mar 93**

**[Text] Beijing, March 19 (XINHUA)—The Chinese people are living longer, and now have an average life expectancy of 70 years, which ranks first among developing countries.**

**This latest figure stands in sharp contrast with the average Chinese life span of 35 years in the early 1950s, just after the founding of the people's republic.**

**A recent survey shows that the mortality rate in China has remained at 6.6 per thousand for the past few years.**

**A government official in charge of public health attributed the low death rate to an improvement in the people's living standards and to better medical services.**

**The official noted that there are 1.15 doctors and 2.55 hospital beds for every 1,000 people at present.**

**With China's ongoing economic development, more and more people are taking better care of their health by paying attention to nutrition and exercising more.**

**The annual infant mortality rate has dropped from 200 per thousand 40 years ago to 35 per thousand at present. The mortality rate of women in labor has been reduced from 150 to five per 10,000.**

**The incidence rate of acute infectious diseases has been cut down from 3,200 per 10,000 in the 1960s to 292 per 10,000 at present.**

**The official said that steady economic growth and social order have also enabled the Chinese people to live longer.**

**In Shanghai, China's leading industrial center, the number of residents at or above 65 years old accounts for 10 percent of the city's total population. The number of residents who have celebrated their 100th birthday is increasing throughout the country.**

### **Over 40,000 Rural Old Folks Homes Established**

**HK1603103793 Beijing CHINA DAILY in English  
16 Mar 93 p 3**

**[By staff reporter: "Rural Old Folks Have Homes of Their Own"]**

**[Text] China has established more than 40,000 social welfare institutions for childless old people in rural areas.**

This marks a great increase in total numbers of such old folks' homes from only 7,170 with 104,300 beds in the late 1970s, says the Ministry of Civil Affairs.

Such homes can guarantee food, clothing, housing, medical care and burial expenses for childless people aged over 60 in rural areas in the country's 10 cities, provinces or autonomous regions.

Meanwhile, such institutions are popularized in the country's 1,118 rural townships. The living standards of the aged thus have been greatly improved as their per capita annual cost of living has risen to 680 yuan (\$119).

Most of the old folks' homes are well-managed. Those living there can spend their remaining years in relative happiness, with dining halls, bathing rooms, recreation and rehabilitation centres, radios, colour television, washing machines, newspapers and magazines all provided.

More and more old folks' homes now open their doors to urban retirees, too, provided they live there at their own or their children's expenses.

To improve the diet for the aged people, these institutions grow their own plants or vegetables. This has also reduced the financial burden of rural people, who pay for the welfare institutions.

### Rural Medical, Health Care Services To Improve by 1995

HK1803011593 Beijing CHINA DAILY in English  
18 Mar 93 p 3

[By staff reporter Zhu Baoxia: "Health Care Plane To Go Across All Rural Areas"]

[Text] At least 400 million rural Chinese will acquire medical and health care services by 1995 through nationwide improvement programmes extending into rural areas.

According to plans of the Ministry of Public Health, about 50 percent of Chinese counties should have reached State requirements on health and medical conditions by 1995, and the health situation in urban areas will also be greatly improved.

The counties and cities should set the example for other areas in reducing infant and maternity mortality rates, in providing citizens with hygienic drinking water and in creating clean and comfortable working and living environments for the public.

Wang Shucheng, the official in charge of rural health administration from the Ministry of Public Health disclosed that the ministry is starting pilot work in Deqing County, Zhejiang Province to seek out the most suitable policy for deepening rural health reforms.

The pilot work will include setting up a pooled-fund medical care system and arousing rural medical workers'

enthusiasm through improving their working and living conditions and establishing pension insurance for retired staff.

China launched a national rural health and medical improvement programme in the late 1970s in response to the call of the World Health Organization (WHO) to provide everyone with primary health care by the year 2000.

The work has been bolstered since 1990, when five State departments—the Ministry of Public Health, the Ministry of Agriculture, the National Environmental Protection Agency, the State Planning Commission and the National Patriotic Health Campaign Commission—jointly promulgated national targets for the programme of health care for all in China by 2000.

By last year, more than 290 pilot counties, or 13.3 percent of all counties basically have [as published] fulfilled the State requirements, 3.3 percent more than the scheduled target.

More than 88 percent of the villages have established clinics and medical centres, with a total of 1.3 million staff members. And two-thirds of the rural doctors have received professional training.

About 10 percent of the villages had set up medical centres through pooled funds by the end of last year, an increase of 6 percent over the number three years before.

Incidence and death rates from epidemic diseases dropped by 16.2 and 32.5 percent in the past two years.

Last year, some 2.4 million cases of epidemic illnesses were reported throughout the country, and 4,802 people died of contagious ailments.

The immunization rate among children in counties has risen to more than 90 percent.

And the incidence of some children's diseases, including polio, whooping cough and measles, has declined.

About 75 percent of Chinese farmers are now drinking improved hygienic water, and more and more rural population are using sanitary toilets.

In Tianjin, the third-largest municipality in China, more than a million rural residents have joined the pooled-fund medical service system.

By giving the village clinics three to five yuan each a year, the villagers may have their ailments treated free of charge or have their medical expenses reimbursed.

Previously, the villagers had to go to county or city hospitals for treatment.

**Organizations Wish Success to Women's Congress**

*OW1703063493 Beijing XINHUA in English 0553  
GMT 17 Mar 93*

[Text] Vienna, March 16 (XINHUA)—More than 200 representatives from nearly 100 countries' non-government women's organizations wished success to the Fourth World Women's Congress, which is to be held in Beijing in 1995.

During discussions by the Planning Committee of the non-government symposium, held in preparation for the coming congress, representatives from many developing countries proposed that the 1995 congress should pay more attention to women's understanding of equality, development and peace.

During the two-day discussions, many ideas were advanced on how to protect women from violations of their rights and from worsening economic status under an economic system dominated by private ownership. Also, strategies were discussed on how to raise women's status, on which a resolution was passed in 1985 during the Third World Women's Congress.

Representatives of three Chinese non-government women's organizations, including the Beijing Women Journalists' Association, attended the discussions.

Secretary of All-China Women's Federation Wang Shu Xian, who is now in Vienna at a meeting of the Commission on the Status of Women, assured that China will "create an ideal environment" for the coming symposium.

**Science & Technology****Guangdong Plans Second Nuclear Power Station**

*HK1803145593 Beijing ZHONGGUO XINWEN SHE  
in English 0955 GMT 18 Mar 93*

[Text] Beijing, March 18 (CNS)—In the wake of the soon-to-be-finished Daya Bay Power Station, Guangdong is planning to build a second nuclear power station. It will be registered this year and will go into operation in the year 2000, the vice general manager of the Guangdong Nuclear Power Investment Co. Ltd., Mr. Hu Zhengguang, has revealed.

Mr. Hu said that the International Atomic Energy Agency (IAEA) considered the Daya Bay plant to be of top world standard. For the first five years after it goes into service, French experts will be hired to manage the plant, one of whom will be the plant's director. Additionally, hundreds of technicians have been receiving training in France. Emergency measures have been established to deal with any accidents or problems which might arise at the plant.

A site for the second nuclear power station has still to be chosen. Mr. Hu stressed that wherever it is located, nuclear power is safe, clean and economic and will not endanger people.

Mr. Hu said that the first section of the Daya Bay plant will start up operation in the first half of next year.

**Li Peng Greets Research Units Able To Export**

*OW1903105893 Beijing XINHUA Domestic Service in Chinese 0607 GMT 12 Mar 93*

[By reporters Pi Shuyi (4122 2885 5030) Zhang Yi (1728 3015)]

[Text] Beijing, 12 Mar (XINHUA)—The Ministry of Foreign Economic Relations and Trade; the State Science and Technology Commission; the State Commission for Science, Technology, and Industry for National Defense; and the State Education Commission jointly sponsored a meeting in Beijing today to authorize the first batch of 100 scientific research institutes in China to export their scientific and technological products. In his letter of congratulations, State Council Premier Li Peng pointed out: To authorize qualified enterprises to engage in foreign trade operations is a major step to accelerate reform and opening up, and will certainly give a strong impetus to developing China's foreign economic relations and trade and accelerating its scientific and technological progress.

Currently, China has some 10 million scientists and technicians and 5,000 independent scientific research institutes, in addition to nearly 10,000 institutions of higher learning and research and development organizations affiliated to large- and medium-sized enterprises, constituting a considerable science and technology force. However, only a few scientific and technological results are turned into commodities, and the export of high-technology products is still in the embryonic stage.

In his speech at the meeting, Li Lanqing, member of the CPC Central Committee Political Bureau and minister of foreign economic relations and trade, pointed out: Today's authorization meeting is of far-reaching significance. The 100 scientific research institutes authorized to engage in business operations overseas can, from now on, directly enter the international market to turn scientific research results into wealth for the state. Moreover, they can also make use of both international and domestic resources and markets and absorb all fruits of human civilization to further push forward the development of scientific research. Li Lanqing said: Having an edge in science and technology has become a decisive factor in the present international economic and trade competition. Therefore, we should never lose sight of the present global development of the integration of the economy with science and technology, and we should integrate, without delay, the two major factors—trade and science and technology—to build up an overall advantage in participating in international economic and trade competition.

In his speech, Song Jian, state councillor and minister in charge of the State Science and Technology Commission, pointed out: To authorize scientific research institutes to engage in foreign trade operations is a major step to push forward the deepening of reform of China's science and technology management system, as well as a major achievement of the coordinated reform of the science and technology management system and the foreign trade structure. It is conducive to strengthening the integration of technology and trade and participating in global economic competition. Ding Henggao, minister of the Commission of Science, Technology, and Industry for National Defense, also made a speech at the meeting.

It has been learned that the 100 scientific research institutes authorized today to engage in business operations overseas are all equipped with a good capacity to earn foreign exchange through exports, and with fairly solid strength and development potential. Of these institutes, 35 are scientific research institutes for national defense. Among the institutes are: the Chinese Academy of Sciences [CAS] Institute of High Energy Physics, the CAS Institute of Automation, the Chinese Research Academy of Medical Sciences, the Chinese Academy of Agricultural Sciences, the Research Academy of Military Medical Sciences, the Chinese Research Institute of Geology, the Chinese Research Institute of Atomic Energy Sciences, the Chinese Research Institute of Carrier Rocket Technology, the Chinese Research Institute of Vessels, the Ministry of Metallurgical Industry Research Institute of Steel, the East China Research Institute of Electronic Engineering, the Ministry of Textile Industry Research Institute of Textile Science, the Beijing Chemical Engineering Research Institute, the Ministry of Railways Research Institute; as well as Qinghua University, Nanjing University, National Defense University of Science and Technology, and other universities and colleges.

### First Technology Fair for Scientists Opens

*OW1803161893 Beijing XINHUA in English 1541  
GMT 18 Mar 93*

[Text] Beijing, March 18 (XINHUA)—China's first National Jobs and Technology Exchange Fair for Scientists and Technicians opened here today.

The fair is jointly sponsored by the State Science and Technology Commission, the State Commission of Science, Technology and Industry for National Defence, the Chinese Academy of Sciences, China Association for Science and Technology and the Beijing Municipal Government.

Scientists and technicians may find more satisfying jobs at the fair, according to the organizing committee. Meanwhile about 100,000 items of scientific and technological interest are up for exchange at the fair.

The committee said the fair aims at promoting the transfer of science and technology workers and achievements and the enhancement of a socialist market economy.

### Economic & Agricultural

#### New Pension System To Cover More Enterprises

*OW1803121693 Beijing XINHUA in English 1143  
GMT 18 Mar 93*

[Text] Beijing, March 18 (XINHUA)—A new pension system, to extend to all types of enterprise ownership and to various wage and employment structures, will be put into force nationwide this year following the success of an earlier trial operation.

The system will be introduced to 300 cities and counties, said an official with the Ministry of Labor.

A change in the calculation method of basic pension rates is currently the focus of reforms in pension insurance, according to the official.

With the granting of more autonomy in the employment and assignment of personnel in enterprises, the current system of pension calculation, a holdover from central planning, has become inharmonious with ongoing labor and wage reforms.

According to the official, the new pension rates will be calculated according to salary averages, actual salaries and pension insurance terms, as well as with reference to price indexes.

The pension reform is based on the principle of "fair competition and efficiency", as well as the principle of mutual "rights and obligations".

It will also encourage the state, enterprises and individuals to share responsibility for workers' pensions.

Under the new calculation system, the pension will consist of two parts: the first part is calculated according to the worker's average monthly salary in the region (the province, autonomous region or municipality in which the retired worker lives) in the year before his retirement, which will account for about 25 percent of the average figure.

The second part will be calculated in light of the average monthly insurance fees paid by the individual during his period of service, based mainly on the terms of insurance payment and his salary level.

Persons who have paid pension insurance fees for over five years will enjoy a regular pension from the second month of retirement until death.

The pension drawn by the retired person will be subject to readjustment annually, on each July 1, in light of the price index of the region's retail sales as issued by the State Statistics Bureau.

**Government Institutional Reform 'Essence' Viewed**

*HK1803025593 Beijing FAZHI RIBAO in Chinese  
7 Mar 93 p 2*

[By Qu Yaoguang (2575 5069 0342): "Wang Shiyuan, Secretary General of State Commission for Restructuring Economy, Says Essence of Institutional Reform Lies in Readjustment of Power and Interest Setup"]

[Text] At a recent symposium entitled, "Socialist Market Economy and Institutional Reform," Wang Shiyuan, secretary general of the State Commission for Restructuring Economy, expressed his views on our country's institutional reform.

He pointed out: Before fundamental changes are made in government functions, the economic reform may encounter various difficulties. For example, it is correct to adjust the enterprise organizational structure and to encourage the organization of enterprise groups. However, things may still go astray. Some local authorities have centralized enterprise management power in their own hands in the name of setting up enterprise groups. The market economy requires the development of an integrated market system. However, when there are still various government departments in charge of various industries, the market bears a pronounced departmental color and is separated and controlled by the various departments.

He believes that the essence of institutional reform lies in the readjustment of the power and interest setup. To give play to the role of the market as a foundation for economic operations, we must transform the government functions. Although we have advocated this for many years, no significant change has actually been made yet and this is a problem concerning powers and interests. In essence, the planned economy is an economy based on examination and approval and examination and approval are related to power. Foreign governments also have the power to examine and approve but examination and approval must be open, transparent, and based on the established laws and regulations.

How then should the institutional reform and the functional transformation be carried out? Secretary General Wang held that, first of all, a conceptual change must be made. The "temples" should be pulled down and the "Buddha statue" must be removed so that the power for examination and approval is actually cut down. Second, in order to ensure the effectiveness of the institutional reform and the functional transformation, it is necessary to make great efforts to establish an integrated system for indirect economic regulation and control. The most vital key to the transformation of the government functions lies in the shift from direct management through mandatory administrative order to indirect management. The most important point in indirect management is: The state and the government (including local governments) regulate the operation of the national economy through formulating various economic policies and

applying various economic levers while, at the same time, also using the necessary legal and administrative means. Third, it is necessary to promote the building of the legal system, especially economic legislation, so that the government can gradually shift its economic management from a rule-of-man base to a rule-of-law base. Fourth, the functional transformation will eventually require the organizational guarantee of the institutions. This requires determination but we can learn a lot from other countries' experience in actually adapting our institutional setup to the requirements of the market economy.

**Economic Development, Prospects Discussed**

*HK1903084093 Beijing GUANGMING RIBAO in Chinese 23 Feb 93 p 3*

[Article by Xiang Jingquan (7309 6975 3123): "Review and Prospects of China's Economic Development"]

[Text] Remarkable Success Has Been Achieved in Overall Economic Development

The year 1992 was the first year after China's reform, opening up, and modernization entered a new stage. It witnessed an economic boom and unprecedented success for China.

1. More rapid progress has been made in production and construction. It is estimated that China's GNP will exceed 2 trillion yuan for the whole year or, to be more precise, it will reach 2.34 trillion yuan, an increase of 12 percent over the previous year. The gross agricultural output value is expected to have grown 3.6 percent, with the grain output estimated at 442.5 billion kg; the gross industrial and building industry output value is expected to have increased about 19 percent, with the steel output exceeding 80 million metric tons for the first time. The whole society's fixed asset investment is expected to reach 730 billion yuan, an increase of about 33 percent over the previous year, and the actual work volume [gong zuo liang 1562 0155 6852] is expected to increase by over 20 percent, with the factor of price increase taken into account. Of this increase in investment, the investment in capital construction by enterprises under public ownership is expected to increase by about 33 percent, while that in equipment updating and technological transformation projects will increase by about 40 percent.

2. The market has developed tremendously and the commodity circulation sector and tertiary industry have been growing dramatically. The year 1992 saw the overall development of a market system in China. The commodity market has been further opened and, in particular, restrictions on trading in grain, cotton, and the vast majority of the important means of production items have been lifted. A new breakthrough has been made in the development of the capital market and the negotiable securities market, such as stocks and bonds, has been developing to an unprecedented scale. The total value of all stocks and bonds issued during the year

reached 127.4 billion yuan and a total of 218 overseas banks and financial firms have set up offices in the country to run foreign exchange business. The real estate market, the science and technology market, the human resources market, and the information market have all been expanding at an unprecedented rate. These developments have laid down a new foundation for the development of a market economy in our country. The portion of GNP contributed by the tertiary industry has increased from 529.6 billion yuan in the previous year to 660.2 billion yuan last year, an increase of 9 percent if calculated in terms of comparable prices. The total volume of retail sales amounted to 1,089.4 billion yuan, an increase of 15.7 percent over the previous year. The capital goods sale volume has been increasing even more quickly, the growth margin of the total purchase and sale volume of the material supply system alone has exceeded 45 percent. The gross import-export value amounted to \$165.63 billion, an increase of 22.1 percent over the previous year. The passenger and cargo transport volume of the communications and transport sector, the business volume of postal and telecommunications service, the business volume of information service, the monetary and insurance business volume, and the business volume of the travel industry have all scaled record heights.

3. Great achievements have been made in scientific and technological research and great progress has been made in the process of transforming research results into productive forces. In 1992, nearly 40,000 major scientific and technological research achievements were made, an increase of more than 7,000 items. Scientific and technological experiments and applications have been closely linked together; this giant stride, bigger than any ever taken before, was made in 1992 in the rapid transformation of science and technology into productive forces.

4. Enterprises have improved their economic returns. The composite economic results index for industrial enterprises has risen to around 89 percent, an increase of 5 percentage points over the previous year. For those state-owned industrial enterprises covered by the state budget, during the period from January to November, their income derived from product sales increased by 18.3 percent and their profits and tax payments increased by 24.8 percent over the corresponding period of last year. The number of enterprises running at a loss has decreased by 4.6 percentage points, while the loss value has been reduced by 2.4 percent.

5. Urban and rural residents' income has continued to increase and enterprises have been further invigorated. The gross payroll (including bonus) is expected to have increased by about 17 percent over the previous year. The per capita living expenses income for urban residents increased from 1,544 yuan in the previous year to around 1,800 yuan last year, an actual increase of 7 percent with the inflation factor taken into account. The per capita annual net income for rural residents increased from 709 yuan in the previous year to 770

yuan last year, an actual increase of about 5 percent with the inflation factor taken into account.

#### Success Can Be Attributed To Acceleration of Reform and Opening Up

The above-mentioned achievements should, in the first place, be attributed to impact of Comrade Deng Xiaoping's remarks which he made during his southern tour. Particularly the theory on the market economy and the three criteria for evaluation of socialism, which have further emancipated people's minds and brought into play the initiative of hundreds of millions of people. The 14th CPC National Congress put forward the establishment of a socialist market economy as the basic task, thus illuminating our road ahead.

In 1992, the economic reform focused on the transformation of the operational mechanism of state-owned enterprises, with a view to giving fuller play to the role of state-owned enterprises as the main force in economic development. In this connection, the State Council promulgated the "Regulations on Transformation of Operational Mechanism of Industrial Enterprises Under Ownership By the Whole People." All localities and departments have taken implementation of these regulations as a key task for establishing the new structure of the socialist market economy. Thus, enterprises have made new progress in establishing the new structure characterized by self operation, self development, full responsibility for profits and losses, and self restraint.

Rapid progress was made in price reform in 1992. With regard to the effort to smooth out the price parity relations, the grain procurement and selling prices, which have caused problems and disrupted grain production and marketing for years, have been raised. This has helped alleviate the economic contradictions derived from the distorted grain prices and promote grain production and marketing. The price of coal subject to the unified distributing plan and the producer prices of crude oil and natural gas have been raised, promoting energy production. Freight charges for railway and waterway transport and the prices of a wide range of capital goods have been raised, giving an impetus to the growth in the transport industry and also the production of iron and steel and other raw and processed materials.

With regard to the transformation of the pricing mechanism, by late 1992, only six kinds of agricultural products were still marketed at state-set prices; price restrictions had been basically rescinded on all industrial consumer goods except table salt and medicines; and less than 100 kinds of heavy industrial products were still subject to the state-set price system. Of the gross retail sales volume of consumer goods, about 90 percent has been subject to market regulation; of the sales volume of capital goods, 70 percent has been put under market regulation. These developments are of positive significance to shaping a socialist market economy and promoting economic development in the country.

As far as industrial production is concerned, in 1992, the coverage of the mandatory plan has been reduced to a portion of the sector, accounting for only 11 percent of the gross output value. Meanwhile, new progress has also been made in the reform of the social security system and the real estate system, as well as in the financial, monetary, commercial, and foreign trade sectors and in the transformation of government functions. All these reforms have given an impetus to the development of the market system and the functioning of the market mechanism, expediting the development of production and construction and the expansion of commodity circulation.

While continuing to promote the opening up of coastal areas, China has also pushed ahead the opening up process in areas along rivers and borders and in the hinterland. Large numbers of cities and counties have been opened to foreign investments and a number of new open zones have been established. Foreign funds secured in 1992 totaled more than \$16 billion, more than 40,000 new foreign-funded enterprises were founded and approved, and new breakthroughs were made in economic exchanges with peripheral countries. All these measures to promote opening up played an important role in expediting economic development during the year.

Of course, the economic improvement and rectification over the three previous years had created favorable conditions for economic development in 1992.

#### **Several Prominent Controversial Issues**

One of the prominent controversial questions in the economic development in 1992 was whether or not China was facing the problem of "overheated" economy in its economic development. To sum up, there are mainly three views on this question: 1) although the economic growth rate is pretty high, overheated economy is irrelevant and the present state merely reflects an economic recovery after the "over-cooled" economy during the two previous years; 2) although some problems in the economic development process call for attention, the economy is operating in a normal state and is far from being overheated; and 3) although economic growth remains normal in certain aspects, the economic operation has been in an overheated state.

We hold that one should be aware of the phenomenon of overheated economy as a reality while acknowledging the excellent economic situation in 1992.

First, the imbalance in the production structure which has been sustained for several years has not been substantially improved but aggravated. The investment mix has been unreasonable—while the proportion of investment in the energy industry declined 2-4 percent, the proportion of investment in processing industries which should have been kept under control rose 1-2 percent, and both the energy production and supply have fallen short as they were for years in the past; the general shortage of communications and transport facilities has

been aggravated; heavy industry has been growing too dramatically, supplies have been running short daily, while goods kept in stock have been decreasing; and, as for light industry, the phenomenon whereby overstock keeps accumulating while production keeps growing has been aggravated.

Second, there has been a fever of establishing development zones, running real estate and land property businesses, and launching investment projects. Nearly 8,800 development zones have now been established by local investors on their own, occupying plots of land with a total area of more than 50 million mu, 80 percent of which is farmland. Although many of these newly established development zones are successful, most of them do not turn in good results despite large amounts of investment. The so-called real estate and land property fever mainly denotes the land property fever. The number of real estate and land property companies in China increased from more than 3,000 early last year to nearly 10,000 by the end of the year. Only a very few of these companies or tenants have really started to run land development projects. Thus, the operations of the rest simply mean wasted land, with the land price jacked up, the imbalance aggravated between supply and demand for funds and materials, and various problems disrupting economic life. The so-called investment fever denotes the phenomenon whereby various localities, to increase their output value and prop up their growth rate, have started a great number of capital construction projects, most of which are small-scale, low-level, duplicate projects.

Third, the amount of credit extended and money issued has increased excessively, but there is still a general shortage of funds. By the end of 1992, the credit balance had increased by about 33 percent, much higher than the growth in credit balance in the past and the economic growth for the year. In connection with this, the amount of money issued was nearly double the amount set by the annual plan.

Fourth, inflation has been aggravated remarkably. The increase margin for commodity retail prices has been expanded to about 6 percent, in contrast with 3.5 and 2.9 percent respectively during the two previous years. Meanwhile, the cost of living index for staff and workers has risen by a double-digit level in Beijing, Tianjin, Shanghai, and many other cities. The increase margin of prices of capital goods was close to 10 percent.

The second controversial problem in economic development in 1992 was the assessment of the agricultural situation. One view holds that agricultural production has been basically stabilized and, therefore, as far as the rural economic work is concerned, one should concentrate one's energies on "development of industry as the road to wealth," invigoration of commodity circulation, and readjustment of the rural production structure. Another view maintains that our agricultural basis is

unsound and still not up to the requirements of current economic development. We believe the latter view is correct.

1. The ratio between the growth rates of agriculture and industry was 1:7 in 1992, which was the lowest in recent years.

2. The gap between the increasing population and decreasing farmland area continued to widen in 1992.

3. The burden on the peasants continued to increase.

4. Little progress was made in the efforts to reverse the trend of increasing output of agricultural products versus constant income.

5. The proportion of the volume of retail sales shared by rural areas has decreased.

The third controversial problem in economic development in 1992 is whether or not the distribution of national income has become more reasonable or unreasonable. One view holds that it has become more reasonable, while another view maintains that some new unreasonable factors have arisen in the distribution of national income.

We hold that the latter view is more comprehensive.

1. The state's financial revenue failed to grow along with the production sector, the commodity circulation sector, and the revenue of tertiary industry. For example, while the profit earned by industrial enterprises covered by the state budget from January to November 1992 increased 49.3 percent over the same period last year, the portion of income turned over to the state financial authorities decreased 95.5 percent, and the proportion of the state's financial revenue to the national income also decreased.

2. Of the accumulation fund, the portion of fixed assets was excessively high while that of current assets was too low.

3. With regard to the distribution of consumption funds, unfairness in the distribution of society's wealth has revived.

#### To Maintain Rapid Economic Growth One Needs To Pay Attention to Regulating the Economic Structure

To sum up, the problems facing China in economic development are those concerning the contradictions in the economic structure. This is the crux of what restrains China's economic growth. Therefore, to maintain a sustained, stable, and coordinated economic development in China, we must pay attention to getting rid of contradictions in the economic structure.

1. It is necessary to further deepen the reform according to the objective of establishing a socialist market economic structure as set by the 14th Party Congress. In the final analysis, the present unbalanced economic structure is due to the incompatibility of the economic administrative structure with the market economy. In

the process of the reform, which is vital to structural coordination, we must, first of all, conscientiously carry out reform of the ownership setup to create conditions for fair competition among enterprises practicing different ownership systems. To this end, we must focus on transformation of the operational mechanism of state-owned enterprises and, on the other hand, we must standardize the range of preferential treatment offered to nonstate-owned enterprises. Second, we must speed up the reform of the circulation structure, including price reform, the commodity procurement and sale structure, and the administrative structure of the capital and real estate markets. Third, we must speed up the reform of the income distribution structure, including deepening reform of the taxation system, the investment structure, and the wage and bonus and social security systems. Fourth, we must speed up the organizational reform according to the requirements of the operation to transform government functions.

2. Along with efforts to expand the process of opening up to the outside world, we need to readjust the economic structure in real earnest. First of all, when starting projects and developing foreign-funded enterprises, we must conscientiously make feasibility studies and examinations in accordance with the state's industrial policy. Only those projects which conform with the state's industrial policy should be started. Second, with regard to importing funds, technology, and professionals, we should pay more attention to introducing advanced technology, to speed up China's technological modernization process, and avoid excessive imports of obsolete equipment developed in the seventies or eighties. Third, we must thoroughly sort out the existing development zone projects and those failing to meet the set requirements must be postponed or suspended, with the leased plots of farmland returned to the authorities concerned. Fourth, we must standardize the existing preferential policies and regulate the financial accounting system in accordance with international common practice. And fifth, we must further expand foreign trade and exports of labor services and readjust the import-export commodities mix, thus expediting optimization of the domestic production and circulation structures.

3. It is necessary to do a good job in macroscopic regulation and control of economic development. To give full play to the role of the market as a basis for resources allocation, we need to exercise macroscopic regulation and control. This is a common experience shared by modern countries in their economic development process. To effectively exercise macroscopic regulation and control, we must first of all further improve the state's industrial policy, map out a plan for the development of different lines of production and for the distribution of productive forces, to provide various localities with a clearly defined guideline in starting new projects, carrying out technological transformation, and promoting economic development. Second, we must properly exercise control over the aggregate supply and demand and maintain a balance. In this connection the

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most crucial point is that we must control in real earnest the scale of investment, the amount of credit being extended, and consumption demand, and prevent the tendency to solely seek a high growth rate which may lead to increased financial outlay and credit amounts. Third, we must do a still better job in readjusting the economic structure, including the readjustment of increment and reserve or, in other words, when setting a new scale of fixed asset investment and credit amount, we should divert funds to agriculture, the energy industry, communications, and other "bottleneck" sectors, rather than to processing industries which can easily achieve an increase in output value but will readily aggravate the structural imbalance. Meanwhile, those enterprises which have long been suffering losses and have no prospects must declare bankruptcy, be merged with others, or shift to other lines of production. We must also properly regulate and control the income level of people of different strata and get rid of such practices as policies formulated by various authorities, comparison and competition between different people in terms of income regardless of their own conditions, and unfairness in income distribution. An important point here is that we must give full play to such economic levers as finance, taxation, credit, price, and wages. In particular, we must strive to ensure the integrated application of these economic levers to regulate all kinds of economic operations in a timely and coordinated manner.

**Economists Analyze Development Strategy**

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[Article by Lin Yifu (2651 3015 1133), Cai Fang (5591 2499), Li Zhou (2621 0719), and Shen Minggao (3088 2494 7559); "China's Choice of Strategy in Economic Development"; first paragraph is editor's note]

[Text] China is now in a new round of high-rate economic growth and is again faced with some in-depth economic problems which have appeared now and again over the past 14 years in the wake of reform and opening up, such as the latent pressure of inflation, the low economic returns of the state-owned enterprises, and the expanding gap in the income between cities and countryside. How do we solve these problems? Some economic experts, who are active in the forefront of economic construction, believe: The key lies in carrying out an economic development strategy of relative superiority and coordinated reforms.

**The Source of Long-Standing Economic Problems Lies in the Strategy of Giving Priority to the Development of Heavy Industry**

China has successfully achieved a rapid economic development and improved the people's livelihood through economic reform over the past 14 years. The achievements are remarkable. However, a mechanism for a benign cycle of economic operation has not yet been established. Naturally, this arduous task has fallen on the

shoulders of reform in the nineties. At present, a strong rising trend has appeared in China's economic growth rate. At the same time, with fluctuations appearing in the macroeconomic situation, some old problems have emerged again. To extend the cycle of China's high-rate economic development, prompt solution is demanded of some problems, such as the mutual restriction between development speed and the "bottleneck" caused by the shortage in the supply of energy, transportation, and other basic facilities; the latent pressure of inflation formed by the gradual expansion of the gap between supply and demand of investment funds; the widening gap between people's income in cities and countryside because of the slow increase in peasants' income and low development speed in the rural areas; the daily decreasing returns of the state-owned enterprises as a result of distorted market information and ineffective change in the operational mechanism; the violation of public property rights by private property rights and the phenomenon of corruption arising from the defects in systems and arrangements; and the carelessness in reform resulting from the erroneous understanding of certain reform objectives and patterns.

There are usually two entirely different ways of thinking regarding solution of the existing problems in economic reform. One is to carry out regulation and control by strengthening planning and by administrative means; the other is to continue to push forward reform under market guidance. If we do not gain a clear understanding of the source of problems, it will be difficult for us to tell which is right and which is wrong. China's traditional economic pattern was formed to suit the needs of giving priority to the development of heavy industry under the condition of shortage of funds. Heavy industrial production is characterized by highly concentrated funds and long construction periods. In the early stage of its development, the main equipment was imported from abroad. At that time, there was a serious shortage of funds and foreign exchange in China and the relevant import prices were very high. If the interest rates and exchange rates of funds and foreign exchange had been decided and the allocation of funds and foreign exchange regulated by the situation of supply and demand in the market, the heavy industrial enterprises would have been unable to obtain sufficient funds and foreign exchange to pay the high prices. For this reason, to carry out the strategy of giving priority to the development of heavy industry, it was necessary to adopt a series of policies and measures, including the policies of low interest rate, low exchange rate, low wages, low prices of raw materials, and low prices of agricultural products and other daily necessities. These policies, which forced the prices of products and major elements down to a level below the average market level, formed a macroeconomic policy environment for the traditional economic development strategy.

Under the policy environment of giving priority to the development of heavy industry, a gap between supply and demand of resources emerged because of the distorted prices. To ensure that the limited resources could

be allocated to the industries and departments which were in a priority strategic position, it was necessary to replace the role of the market by administrative power, which directly intervened in resources allocation. As a result of systemization of administrative participation, an economic management structure characterized by a high degree of concentration of power was formed, including a highly centralized planning and management structure, nationalization of enterprises, a system of state monopoly for purchase and marketing of agricultural products, and the corresponding people's commune structure. From this we can see that the development strategy, policy environment, and management structure were closely related to each other, forming an organic whole. Therefore, to solve the problem of low efficiency under the old structure, it is necessary not only to change the traditional management structure, but also to change the strategy of giving priority to the development of heavy industry and the corresponding policy environment. Otherwise, these old problems in economic development may reappear again and again.

#### The Key to Breaking Out of the Cycle of "Decontrol" and "Chaos" Lies in Implementing a Strategy of Relative Superiority

Great changes have taken place in China's economic management structure through economic reforms, with economic structural reform as the center, over the past 10 or more years. Moreover, the strategy of giving priority to the development of heavy industry is no longer emphasized. However, reform of the macroeconomic policy environment has obviously lagged behind, and there is still distortion in the prices of major elements and products. The delegation of power to the lower levels in the management structure, which allows the lower levels to retain more profits, has indeed strengthened the microeconomic vigor of enterprises. But because of the uncoordinated macroeconomic policy environment, the microeconomic vigor of the enterprises has brought about chaos in the macroeconomic field. However, when administrative measures of regulation are adopted to stop the "chaos," both efficiency and speed will naturally drop. As a result, economic development as a whole will again enter a vicious cycle of "being invigorated once restrictions are lifted, falling into disorder once invigorated, setting restrictions again once disorder appears, and being rigid once restrictions are set." The key to breaking out of this cycle is to improve the macroeconomic policy environment.

Experiences of other countries and China's own experiences before and after reform show that the policy environment and management structures are almost the same in most countries adopting a strategy of giving priority to the development of heavy industry, and their economic development has also encountered similar problems and difficulties. For example, the economic development of some countries adopting this economic development strategy (which is also called an import substitute strategy abroad), such as Argentina, Uruguay, Chile, Peru, and Bolivia, was very close to that of

Germany, Holland, and Belgium at the end of last century. But one century later, they still have great economic difficulties. There is serious polarization in these countries in respect of wealth distribution, and the people's standard of living has not been improved. However, most countries and regions which have achieved marked successes in economic development, such as the "four little dragons" in Asia and China's coastal areas, have adopted a strategy of relative superiority; that is, a strategy of establishing an industrial structure in light of their relative superiority in resources and readjusting this structure in light of the changes in the relative superiority.

The most basic characteristic of the strategy of relative superiority is that in every stage of economic development, the relative superiority in resources can be fully used to serve the rapid and steady economic growth. Its most basic demand is that the prices of various products and major elements should be able to fully reflect the relative rareness of these products in the national economy. Under this kind of price indication, all enterprises should become competitive in the market. While making decisions on selection of production lines and technologies, they must make full use of their relatively abundant and low-priced major elements and use economically those which are rare and expensive for them. As all enterprises have to follow this principle for the use and substitution of resources, the efficiency of their microeconomic and macroeconomic allocation of resources can be increased in a unified way, their economic strength can be more competitive in the international market, and they will be able to avoid restriction by the "bottleneck" and achieve the objective of sustained and steady economic growth. The relative prices which fully reflect the rareness of various products and major elements can be formed in the market only through the relative changes in supply and demand. Therefore, to implement the strategy of relative superiority, it is necessary to continue to carry out reform of market orientation. It is necessary to cultivate and perfect the market system, eliminate the macroeconomic policy environment characterized by distorted and man-made price indications, and create all necessary conditions.

Since reform and opening up, as a result of implementing the policy of opening up wider to the outside world and the strategy of giving full play to relative superiority, the average annual national income growth rates of China's Shandong, Jiangsu, Zhejiang, Fujian, Guangdong, and other coastal provinces have been higher than 10 percent, which is by no means inferior to the growth rates of the "four little dragons" in Asia during their fastest development period. This proves that the strategy of relative superiority is also effective in China's socialist economy.

We can draw the following conclusions from this: 1) The low efficiency of China's traditional structure was not a result of the socialist system but a result of the policy environment of giving priority to the development of

heavy industry. 2) The market economy is a fundamental guarantee for implementing the strategy of relative superiority. It does not belong to any specific social system. 3) Continuing reform of the market orientation and establishing a structure of socialist market economy is the most important measure for forming a macroeconomic policy environment which is suitable for the development of the relative superiorities and achieving a steady and rapid economic growth in China. Coordinated Reform for Establishing a Fully Competitive Market System

Once the objective of reform for cultivating a market system is determined, all new reform plans should be made closer to this objective and should not become obstacles for the next stage of reform. Judging from China's current economic situation, in the next stage, reform should be carried out in the following fields:

**—Establishing a policy environment for implementing the strategy of relative superiority.** A general principle of the strategy of relative superiority is that the prices of various products and major elements should be able to reflect their degree of relative rareness, and the national economic development as a whole is based on giving full play to relative superiority in resources. In the prices of various major elements, the interest rate occupies a key position. It should be decontrolled before anything else and decided by market supply and demand. When there is an overheated economy and a greater demand for funds than supply, the interest rate will rise so that demand can be restrained, supply can be stimulated, and an overheated economy can be prevented. When economic recession occurs and there is an insufficient demand for funds, the interest rate will drop so that deposits can be reduced, effective supply can be increased, and the economy can recover. This will be conducive to increasing the efficiency of the use of funds by the entire society. Second, it is necessary to adopt a floating exchange rate system under macroeconomic regulation and control and lift restrictions on free trade so that the relative superiority of the state and various regions can be brought into full play. It is necessary to seize every opportunity provided by the world's economic development. Third, it is necessary to reform the traditional low-wage and low-price system and the traditional welfare and insurance systems and further decontrol wages and prices. Only by reforming the low-wage policy can we pave a road for reform of the price system and reform of the welfare and insurance systems. Conversely, reform of the low-wage system can be carried out more thoroughly only when it is linked with the latter reforms. By changing the method of giving allowances covertly into the method of giving allowances openly and including them in wages, various interest relations can be better harmonized and the government's financial burdens can be reduced. At the same time, preparations can be made for cultivating the labor market. Reform of the low-price policy will stimulate development of those industries

whose prices have long been forced down, such as agriculture, communications, and the energy industry. It is conducive to readjusting the industrial structure and eliminating restrictions by the "bottleneck" of national economic development. The buying and selling of land, which is a rare and most basic major productive element, should be completed in the market under government supervision so that the wastage of land can be reduced and its utility rate can be increased.

**—Carrying out fair competition-oriented enterprise reform.** The key to enhancing the vitality of state-owned enterprises lies in the thorough removal of the government's administrative interference in and protection of the enterprises, so that they can withstand the test of free competition and follow the principle that the superior will survive and win while the inferior will be eliminated. To this end, it is necessary to disconnect the state-owned enterprises from government administration and put them under the supervision and management of the state assets management departments, which act as representatives of the state. The relevant selected or appointed managing personnel will be responsible for the reproduction of the state assets. While relaxing the government's direct interference in enterprises, it is necessary to endeavor to create a market environment of fair competition. It is necessary to remove the barriers between various industries, encourage competition among various economic sectors under different ownerships, and establish a market of enterprise managing personnel. A market environment characterized by fair competition is good for enterprises to test their operational ability and will help their managing personnel develop the spirit of self-restraint and blazing new trails. Establishing a market environment characterized by fair competition is more conducive to enhancing the vitality of enterprises than introducing a new enterprise system.

**—Carrying out rural reforms.** It is necessary to reform the policy of low prices for agricultural products (mainly grain products) so that prices can be determined by the market, lift the restrictions on the plans for growing areas and on labor and employment, and fully develop all kinds of products and the market for major elements. These are the basic demands of the strategy of relative superiority and key measures for readjusting the structure of agricultural production in light of the changes in the trend of relative superiority. The experiences of reform over the past 14 years show that only by resolving the existing problems in the price system, which are characterized by the deviation of the relative superiority in the "economic" field from the relative superiority in resources, can there be conditions for various areas to make continuous efforts to readjust their crop distribution patterns and production structures in light of changes in relative superiority and increase the peasants' income; and only thus can the old resources allocation patterns and barriers

and purchase wars between various regions and markets as well as other economic conflicts between them be eliminated, can a new development pattern characterized by mutual benefit be established in various regions, and can the gap between them in economic development be constantly narrowed.

**The government's economic functions under the condition of market economy.** With the continuous perfection of the market system, the government will gradually give up its functions of microeconomic management. At the same time, it will strengthen its macroeconomic functions. When delimiting the government's functions, it is necessary to proceed from the public nature and social nature of economic activity. This can be summed up in the following three basic principles: 1) **The principle of products for public use.** The government should directly participate in the production and supply of products for public use. The products for public use refer to those products or service facilities which, once produced, are used by the public rather than by a particular person exclusively and which are not produced by the private sector because production cannot bring economic benefits. When the consumption of a particular person increases in using such products, the consumption of others will not be reduced as a result. A typical example in this respect is national defense construction, which is aimed at protecting all the residents and property within the national boundaries. As no compensation can be obtained from consumers through the market for national defense expenses, private enterprises are unwilling to provide this kind of service. Thus, national defense expenses can only be paid by the government through tax revenues. The government should bear the responsibility of paying for the products for public use. Judged from the angle of promoting the development of a market economy, the government should also bear the responsibility of working out and implementing the laws and regulations on protecting property rights and ensuring fair competition. 2) **The principle of externality.** The government should appropriately enter the economic spheres which yield external economic results. Apart from the departments producing the products for public use, there are also some departments engaged in the production and services which yield external results. A typical example in this regard is education. If education is fully regulated by the market, some people may refuse to accept education or may accept less education because they cannot obtain all the returns from it. Thus, the scale of individual demand will be smaller than that demanded by society. To make the objectives and possible scale of collective or private operations identical with those of social operation, the government should adopt the methods of direct management or subsidy to support collective and private operations in this field. 3) **The principle of scale returns [gui mo xiao yi 6016 2875 2400 4135].** The government should give necessary support to and intervene in natural monopoly industries. Because they are highly funds-intensive and have a large

investment scale, long construction periods, and remarkable scale returns, the scales of the energy, communications, and other industries can hardly be as big as society demands, and there are also natural barriers to entering these fields. In other words, it will take longer for other competitive enterprises to participate in the production in these fields. Thus, the existing enterprises in these fields have more opportunity to carry out a policy of monopoly, which may increase the consumers' burdens and the costs of economic development. In these industries, whether run directly by the government or by collectives or individuals, a suitable degree of competition should be maintained on the premise of ensuring economies of scale. All other economic activities, except for those under the above-mentioned principles, should be conducted by collectives and individuals and be regulated by the market mechanism.

#### Vice Minister Discusses Railway Construction

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[By staff reporter Xiao Rui (5135 3843)]

[Text] Beijing, 12 Mar (ZHONGGUO TONGXUN SHE)—China began large-scale railway construction last year. Sun Yongfu, vice minister of railways, described the "campaign blueprint" on railway construction to this reporter as follows: To make forceful efforts on the construction of the Beijing-Shenzhen-Kowloon and Lanzhou-Urumqi railways, to make speedy efforts on the construction of the Houma-Yueshan and Baoji-Zhongwei railways, and then to work hard to conquer east and southwest China.

Railways have been operating with difficulties for many years and have now become "bottlenecks" in China's economic development. A late railway construction upsurge has finally arrived.

The State Planning Commission has quickened the railway construction timetable in the Eighth Five-Year Plan. The adjusted railway construction scale calls for building 4,100 km of double track railways; 5,600 km of electric railways; and 6,600 km of new railways, an addition of 1,000 km in all to the original plan of 15,300 km, and an increase of approximately 30 billion yuan of investment over the original plan of 94.2 billion yuan.

The year 1993 will be a historic, major development year for China's railway construction, during which the state will invest 21 billion yuan in railway capital construction, 2.5 times the amount spent in 1991. This will also be the year of the biggest investment in China's railway construction history.

Large-scale railway construction requires a huge amount of money. The reason China's railway development has been slow is that the investment amount has been too little. To ensure steady capital sources for railway construction, the State Council has approved the Ministry of

Railways' plan to increase the "railway special construction fund." Last year, transportation charges were increased 1.2 fen [unit of Chinese currency] per metric ton per km. Beginning the second half of this year, transportation charges will be increased 1.5 fen. This will increase income by approximately 27 billion yuan, which will represent a major investment if used for railway construction.

In addition, new charges for new railway transportation, higher charges for good quality service, seasonal transportation charges, and the issuance of 3-billion-yuan railway construction bonds will all become "dynamic money sources" for railway construction. Foreign capital began to have a share in China's long-term investment in railway construction by proceeding from the Jinhua-Wenzhou railway, which got started last year.

The shortage of railways has restricted the economic takeoff, and this has created high enthusiasm in localities to build railways. "Wherever there are railways, all trades and undertakings flourish"; "the whistling locomotive brings along 10,000 taels of gold." These are the true feelings of the local people. Provinces and cities have invested almost 10 billion yuan in railway construction, and the state's exclusive involvement in railway construction has been broken.

Sun Yongfu said: "We currently have an excellent opportunity for railway construction which has not been seen in many years. The central government has formulated the relevant policy; localities are providing the enthusiasm; and a railway construction contingent comprising 650,000 people is showing the determination to make contributions. From now on there will an 'upswing' in China's railway construction."

Track laid for new and double track railways in 1993 will total 2,320 km, three times the length laid last year. This will be the largest amount of track laid since the founding of New China. Seven construction projects will be completed this year, the Datong-Qinhuangdao line, the Xucheng-Hangzhou line, the Jiaodong-Jinan double track railway, the southern Huai He double track railway, the Zhengzhou-Wuhan electric railway, the transformation of the Beijing-Shanhaiguan Railway, and the Xiaogan-Liuzhou line.

In the meantime, the completion of key projects in six major railways has been moved up; 7 of the 10 key lines should be completed before 1995.

Track laying for the Beijing-Shenzhen-Kowloon railway, called the "No. 1 project under heaven," will start at the end of 1995 instead of 1997 as originally planned. Vice Premier Zhu Rongji will be the chief adviser; Zou Jiahua will head the Beijing-Shenzhen-Kowloon railway leadership group; and executive vice governors of the provinces through which this railway will pass will be appointed advisers, avoiding "disputes over trifles" in the construction of this north-south artery.

The construction of the Beijing-Shenzhen-Kowloon railway has begun in three sections, and track laying will cover 370 km this year.

The completion of the Lanzhou-Urumqi railway will be moved up to the end of 1995 instead of 2000 as originally planned.

The construction of the Baoji-Zhongwei line will be completed in the first half of 1994 instead of at the end of the Eighth Five-Year Plan.

The Houma-Yueshan railway will be completed one year earlier instead of in 1995 as originally planned.

The construction of the Zhejiang-Jiangsu double track railway, the transformation of the Beijing-Guangzhou railway, and the transformation of the second-phase project of the Datong-Qinhuangdao railway will be completed in 1995.

Apart from these, most of the construction projects for the Nanning-Kunming line, the Chengdu-Kunming line, and the Xian-Ankang line will be completed during the Eighth Five-Year Plan. Of these, the Nanning-Kunming line will be completed in 1997 instead of 2000 as originally planned.

After this mass campaign during the Eighth Five-Year Plan, the 24 main railways will attain much larger transportation capacities.

But when will the shortage of China's railways be alleviated?

"This depends on the state's determination. If construction continues without setbacks through our efforts in the Eighth Five-Year Plan, by the end of this century the size of the country's railway network will reach 70,000 km, including 5,000 km of double track railways and 6,000 km of electric railways. By then China's communications shortage will basically have been alleviated." The biggest concern of this vice minister of railways, who is very familiar with China's railway construction, is that of setbacks in this "railway construction upsurge."

### **Ports Develop Rapidly in Recent Years**

OW1803133693 Beijing XINHUA in English 1315  
GMT 18 Mar 93

[Text] Guangzhou, March 18 (XINHUA)—Chinese air, sea and land ports and related facilities have developed rapidly in recent years, according to a national working conference on port construction held here this week.

There are now 184 first-class ports in the country. A network of transportation facilities stretching from the coastal areas to inland provinces and frontier regions has been formed.

Last year, China reopened five border posts along the Sino-Vietnamese border, which include Pingxiang, Shuikou and Dongxing in the Guangxi Zhuang Autonomous Region, and Hekou in Yunnan Province.

The state also gave its approval for the Qingdao and Jinan airports in Shandong Province, along with the Xian and Xianyang airports in Shaanxi Province, to handle international flights, which will include allowing foreign airlines to use those airports.

The Huizhou port in Guangdong Province has also opened to foreign ships.

According to statistics from the state port office, last year more than 8.17 million vehicles passed through land, water and air ports, an increase of 15.4 percent over the previous year.

The ports handled about 88.26 million persons entering or leaving the country, an increase of 25.2 percent over the previous year.

The import and export transport volume of Chinese ports reached 25.7 billion tons, of which 12.87 million tons were imported goods.

**Banking Supervisors, Discipline Inspectors Meet**  
*OW1803115393 Beijing XINHUA in English 1136  
GMT 18 Mar 93*

[Text] Changsha, March 18 (XINHUA)—China is to tighten control over the credit lines and other financial activities that violate the law.

Speaking at a national work conference on discipline inspection and supervision of the banking system, which

opened today in Changsha, the capital of southern Hunan Province, Hou Ying, an official from the Central Commission for Discipline Inspection of the Chinese Communist Party said that the central tasks of banks and financial institutions are to ensure the control over major financial activities.

Hou, who is heading a group sent by the commission to oversee banking activities, said that this year's work should be centered on the implementation of government policies on loans and currency and the emphasis for supervision and inspection will be on acts that violate credit plans, the rules for not using loans to support the speculating activities on stocks and real estate or operate stock businesses and other activities that violate the laws and discipline.

In 1992, the incidence of criminal cases in the banking sector went down to a certain degree, but the number of cases and the amount of money involved are still quite extensive, Hou said.

The percentage of severe cases, including theft and swindling, however, increased, the official noted.

Recently in Shanghai, which holds one of the country's two securities exchanges, bank staff used public funds to trade shares, which has marred the image of the banking sector, according to the official.

Hou stressed that strict measures must be taken to control such activities by banks and their staff members.

## East Region

### Anhui Invests in Infrastructure Construction

*OW1303120193 Beijing XINHUA in English 0904  
GMT 13 Mar 93*

[Text] Hefei, March 13 (XINHUA)—East China's Anhui Province invested 13 billion yuan (2.3 billion U.S. dollars) last year in constructing infrastructure facilities.

The investment was mainly in highways, railways, transport and telecommunications.

The projects include a railway connecting this capital of Anhui with Jiujiang city in East China's Jiangxi Province, which attracted 1.7 billion yuan, an airport, and the province's first airline.

In 1992 the province built 550 km of highways, improved 33 km of waterways and increased port handling capacity by 900,000 tons.

The province opened the Heting Express Highway which links Hefei with other East China cities.

About 340 million yuan was invested last year in telecommunications development, 80 percent up over the previous year. About 70,000 households got their own telephones.

### Shandong Vice Governor on Economic System Reform

*SK1903081093 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 16 Mar 93*

[Text] Li Chunting, deputy secretary of the provincial party committee and vice governor of the province, delivered a speech at the provincial conference on economic system reforms on 16 March. In his speech Li Chunting pointed out: The general demand for the province to conduct reform among economic systems this year is to make a new breakthrough in conducting enterprise reform, in shifting the government function, in establishing the systems of macro readjustment and control as well as market systems, in building public security systems, and in conducting reform in rural areas or at the county level, by regarding the spirit of the 14th CPC Congress as a guide and the shifting of enterprises' business mechanism as an emphasis. Efforts should be made to take a firm step in establishing the new systems of the market economy.

In citing the issue of accelerating the shifting of enterprises' business mechanism, Li Chunting pointed out: Earnestly implementing the regulations and the measures adopted by the provincial people's government for the implementation of these regulations still represents the priority task of reform this year. The key to conducting this work is to further delegate self-determination rights to enterprises.

As for the issue of actively enforcing the shareholding system, Li Chunting said: Based on this year's successful

pilot work in this regard, we should earnestly summarize the experience; deal with problems that surface in the process of development by bearing in mind typical difficulties that arise; enhance the capacity for enforcing this system; accelerate the pace in this regard; and enforce the system in various circles and at all levels. The general demand in this regard is to have specific enterprises try to enforce the system and specific localities develop the system. Township enterprises should enforce in an overall way the shareholding cooperative system. We should strive to have more than 50 percent of state-owned enterprises and more than 80 percent of collectively owned enterprises change into shareholding ones by the end of 1995. The state-owned small enterprises that have conditions for becoming shareholding business and township enterprises should be changed into ones with the shareholding cooperative system. We should persuade the state to approve opening more than 30 shareholding companies throughout the province and to open 10 shareholding companies or corporations in foreign countries.

### Shanghai To Build 600,000-Kilowatt Generators

*HK1803023293 Beijing ZHONGGUO XINWEN SHE in Chinese 0530 GMT 11 Mar 93*

[Text] Shanghai, 11 Mar (ZHONGGUO XINWEN SHE)—Shanghai will make efforts to develop 600,000-kilowatt supercritical and subcritical thermal power generating sets, and step up efforts to manufacture a nuclear power generating set capable of generating 600,000 to 1 million kilowatts to enable the manufacturing industry of large power plant facilities to become one of the pillar industries in the municipality as soon as possible. This is the message from the symposium on supercritical technology, currently underway here.

Data show that in the early 1980's, Shanghai began to import advanced technology for manufacturing 300,000-kilowatt and 600,000-kilowatt thermal power generating sets. After refining efforts in the country, the technology and performance of the 300,000-kilowatt thermal power generating sets continuously improved. Last year, during the installation of the two 300,000-kilowatt generating sets in Wujing Thermal Power Plant, tests showed that their performance had reached standards demanded during international bidding at that time, and surpassed the Mitsubishi generating set imported by the power plant of the Baoshan Steel Works. The 300,000-kilowatt thermal power generating sets manufactured by the municipality have also been sold in the international market.

In order to change the situation in which China's power industry uses a large quantity of coal, has low efficiency, and requires a long period to carry out technological renewal, the Ministry of Energy Resources has decided to choose the 600,000-kilowatt generating set as the main generating set for power plants in the country. For this purpose, the manufacturing sector of power station facilities in Shanghai, which already has the basic ability

to build 600,000-kilowatt power generating sets, has decided to invest 600 million yuan in transforming technology for manufacturing thermal power facilities, and, at the same time, to allocate 120 million yuan to try building a 600,000-kilowatt nuclear power generating set.

### Central-South Region

#### Guangxi Forestry, Commendation Meeting Opens

HK1703052293 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 14 Mar 93

[Text] The Guangxi Autonomous Regional Forestry Work and Commendation Meeting opened in Liuzhou today. Deputy commissioners, vice mayors, and deputy chiefs in charge of various prefectures, cities, counties, and suburbs, the director of the Forestry Bureau, and relevant leaders of various departments totalling about 500 people attended the meeting.

At the meeting this morning, Xu Bingzhong, vice chairman of the regional people's government, and Long Chuan, vice chairman of the regional committee of the Chinese People's Political Consultative Conference, attended the meeting and made speeches. At the meeting, Liu Wanfu, director of the regional Forestry Department, delivered a report summing up the work in 1992 and assigning the tasks for 1993.

In his speech, Vice Chairman Xu Bingzhong fully affirmed the excellent achievements attained in forestry work in our region over the past few years. He hoped that the vast number of cadres, staff, and workers on the forestry front would make persistent efforts to continue the triumphant advance and render new exploits in forestry. He said: At present, the situation confronting the forestry work in our region is still very grim. There are vast areas for the elimination of barren hills and for afforestation; hence we must unflinchingly realize the general objectives of eliminating barren hills during the Eighth Five-Year Plan period and afforesting Guangxi during the Ninth Five-Year Plan period as put forth by the autonomous regional party committee and government. The work of eliminating barren hills, afforesting Guangxi, and becoming prosperous is the sacred duty of the forestry departments. Various localities must further intensify the responsibility system and undertake the advanced responsibility contracts to ensure the fulfillment of the tasks.

In summing up the forestry work in 1992 at the meeting, Liu Wanfu, director of the regional Forestry Department, said: There was a new breakthrough in our region's afforestation in 1992, and all of forestry construction scaled a new height. Following the award for excellent achievements in afforestation and the award for remarkable achievements in controlling the consumption of forest resources presented to our region by the Ministry of Forestry in 1991, the Ministry of Forestry again conferred on Guangxi the title of Autonomous Region

With Excellent Achievements in Afforestation early this year. The survival rate of renovated and qualified area in our region's artificial afforestation reached 95.7 percent, holding 6th place in the country, for which our region was commended by a nationwide circular by the Ministry of Forestry.

While addressing the participants, Director Liu Wanfu also reviewed the work done by our region in 1992 in such areas as accelerating the cultivation of forest resources, intensifying the control of forest resources, rationally utilizing forest resources, positively readjusting the industrial structure, comprehensively implementing the endeavor of invigorating forestry through application of science and technology, and so on. He said: A total of 10.167 million mu of afforestation on barren hills was completed in our region in 1992, an increase of 44.1 percent over the previous year. By 1992, the entire region completed 31 million mu of afforestation through the closure of hillsides per quarter, fulfilling the plan of afforesting earth hills in the entire region's Afforestation Program a year ahead of schedule, and 44 counties and cities achieved the standards set for the elimination of barren hills ahead of schedule. Although tremendous achievements have been made in forestry work in our region, our tasks in the future are still arduous. He hoped that departments at various levels would intensify leadership, study new conditions, resolve new problems, dare to explore new ways and make experiments, and repeatedly initiate new situations in the forestry work in light of the reality of forestry in our region.

### Southwest Region

#### Sichuan Governor Xiao Yang Inspects Guangyuan

HK1803103193 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 13 Mar 93

[Text] Provincial Governor Xiao Yang handled official business on the spot in Guangyuan yesterday to help solve urgent problems arising in the city's economic construction. He also made some prompt decisions. On 11-12 March, Governor Xiao Yang led responsible comrades from provincial departments in charge of the economy, including the provincial planning commission, the economic commission, the financial department, and others, in carrying out an inspection tour in Guangyuan, (Nanhe), and (Shangxi) Economic Development Zones. During the tour, they also inspected some key construction projects such as the 108 highway project, Bazhong city hydropower station project, and (Dianjie) aluminum plant, which has an annual capacity of 50,000 tons of aluminum. Throughout their journey, they listened to reports by responsible comrades at all levels from Guangyuan City.

Yesterday afternoon, Governor Xiao Yang and his party also handled official business on the spot in the city to solve some pressing problems including highway transformation, energy construction, Jialing Jiang [words

indistinct] project, and others. He pointed out: With regard to difficulties in economic construction, we must fully make use of the principles of the market economy and adopt methods of reform to tackle them. With regard to the main direction of attack in economic development, we must grasp well fundamental undertakings such as transportation and energy. In the meantime, we must invigorate large and medium-sized enterprises, and vigorously develop township and town enterprises. As far as our guiding ideology is concerned, we must have a sense of urgency, seize every minute and second, and grasp the fine opportunity to develop our economy rapidly. As far as our tactics are concerned, we must make unified planning, give prominence to our focal points, and concentrate our superior force to fight well a battle of annihilation.

### North Region

#### **Beijing Economic, Social Development Report**

SK1303084093 Beijing BEIJING RIBAO in Chinese  
11 Feb 93 p 2

[“Excerpts” of report on Beijing Municipality’s implementation of its 1992 economic and social development plan and its 1993 draft plan, given by Wang Baosen, vice mayor of Beijing Municipality and concurrently chairman of the municipal planning commission, at the first session of the 10th municipal people’s congress on 29 January]

[Text] Deputies:

Entrusted by the municipal government, I will give a report on Beijing Municipality’s implementation of its 1992 economic and social development plan and its 1993 draft plan to this session for discussions.

#### **1. With Comprehensive and Great Development in Economic and Social Undertakings, 1992 Was the Best Year in Our History.**

In 1992, thanks to the guidance of Comrade Deng Xiaoping’s important speeches given during his south China inspection and the guidelines of the 14th National CPC Congress and thanks to the leadership of the municipal party committee, the people of various nationalities in Beijing adhered to the party’s basic line, further emancipated the mind, uplifted their spirit, accelerated reform and opening up, and brought about a comprehensive and great development in the economy. The year 1992 was the best year in our history. The targets in the economic and social development plan approved at the fifth session of the ninth municipal people’s congress were fulfilled or overfulfilled, and the capital’s modernization program entered a new stage of development.

A. Social production grew in an all-around manner, and overall economic strength was enhanced notably. Beijing’s gross domestic product totaled 70.72 billion yuan,

up 11.3 percent from the previous year. The development rate increased notably by 3.8 percentage points. In total growth, the primary industry grew by 3.9 percent, secondary industry 11.5 percent, and tertiary industry 12.3 percent. The tertiary industry registered the fastest development rate, and its proportion of the gross domestic product was 44.5 percent, ranking among the best in the country.

Rural economy developed in all sectors. We won a bumper grain harvest for the 15th time in a row, grain output reached 2.819 million tons, and both output and per-unit yield exceeded the previous records. The production of meat, vegetables, eggs, milk, and other major nonstaple foods rose steadily. Township enterprises developed swiftly, and both their output value and efficiency were substantially improved. The gross domestic product of rural areas grew by 14.4 percent, and the total income of the rural economy rose by 20.8 percent, showing overall improvement of economic quality.

Industrial production developed at a high rate, and economic efficiency rebounded gradually. Beijing’s industrial output value exceeded 100 billion yuan to reach 103.78 billion yuan, up 16.3 percent. Profits and taxes from industrial enterprises grew by 13 percent. In this way, output value and efficiency grew at the same pace. The overall index of industrial economic efficiency was 119.4 percent, 30 percentage points higher than the national average and ranking second in the country. The state-assigned mandatory output quotas of 22 products, such as steel, raw coal, and motor vehicles, were all fulfilled or exceeded.

B. The tertiary industry developed more rapidly, and the markets in the capital thrived and witnessed brisk purchases and sales. With the guidance of the guidelines of the “Decision of the CPC Central Committee and the State Council on Accelerating the Development of the Tertiary Industry,” Beijing persistently opened its door and lifted controls on the market, thus achieving positive results. There was a substantial increase in people and funds transferred to the tertiary industry. Commodity retail sales volume totaled 43 billion yuan in 1992, up 20.2 percent from the previous year and 5 percentage points from the national average. In the year, 13,000 commercial, catering, and service outlets were opened, and 124 trade markets were built. The number of people engaged in the tertiary industry rose by 106,000, and a number of large and medium-sized commercial facilities were built and opened. A pattern of diversified markets began to take shape. Pawn shops and commission shops emerged on Beijing’s streets. Companies in charge of moving households as well as of wedding and celebration parties rendered services for all social circles. Morning and night markets across the municipality made living conditions very convenient for the masses. The markets of farm and sideline products as well as of minor commodities enjoyed brisk business. The number of various night markets reached more than 1,000, which invigorated the municipality’s night life. The markets on

Sunday were greatly welcomed by the city residents. The newly rising tertiary industry, including the business of communications, telecommunications, banking, insurance, real estate, information, and consultation, achieved faster development. Their proportion in all undertakings was obviously upgraded. The volume of post and telecommunications business reached 2.16 billion yuan, a 37.6 percent increase over 1991. The number of urban households that had telephones reached 478,000, a 21.6 percent increase over 1991. The municipality made a historic breakthrough in the real estate business. The business of information and consultation sprang up rapidly. 1992 was a year in which the tertiary industry achieved the fastest development.

C. An unprecedented and gratifying situation in reform and opening up was taking shape. The municipality approved the establishment of 2,208 "three types of foreign-funded" enterprises, a 1.4-fold increase over the total accumulated over the past 13 years. The fund involved in the agreements of establishing such new enterprises reached \$2.79 billion, a fourfold increase over 1991; and foreign capital involved in the agreements reached \$1.47 billion, a 4.2-fold increase over 1991. The average scale of projects was upgraded by 65 percent. The pace of tertiary industry in utilizing outside funds was obviously accelerated. The municipality made prominent progress in conducting joint ventures among the business of real estate and retail sales and made fruitful achievements in the trade fair held in Hong Kong. It also accelerated its pace in building development zones and small industrial zones. A pattern with the standardized operation and with the opening up of group enterprises was taking shape. The current number of "three types of foreign-funded" enterprises that have been put into production or operation has reached 942. The production, sales, earned taxes and profits, and earned foreign exchange of these enterprises respectively showed a more than 40-percent increase over 1991. The annual financial income earned from the economic activities with foreign countries reached 1.604 billion yuan, a 38.3 percent increase over 1991. Its proportion in the municipal financial revenues accounted for 20 percent. The volume of loans introduced from foreign countries continued to increase, and the annual volume of foreign loans, chiefly invested in the construction of infrastructures and in the projects of environmental protection, industry, and agriculture, reached \$190 million.

Based on upgrading the economic effect, exports showed a steady increase. The annual volume of exports reached \$1.51 billion, a 10.2 percent increase over 1991. Of this increase, privately owned enterprises showed a 26.3 percent increase over 1991 and the "three types of foreign-funded" enterprises showed a 26 percent increase. The municipality newly established 30 overseas enterprises with investments amounting to \$17.24 million. Increases continued in construction contracts signed with foreign countries and in labor migration. The tourist service for foreigners was improved to a new

level. The municipality received 1.748 million tourists in the year, a 32.3 percent increase over the previous peak; and earned \$1.075 billion, a 26.5 percent increase over the previous peak.

D. The structure of investments made in fixed assets was rational and showed a proper increase. The municipality invested 20 billion yuan in fixed assets in 1992, a 38.5 percent increase over 1991. Of these investments, those made in local fixed assets reached 12.4 billion yuan, a 41.6 percent increase over 1991. These investments were chiefly made in urban infrastructure projects, the rebuilding of dangerous and outdated houses, tertiary industry, and industrial reserve strength. They were also made in the projects of large water conservancy works, science, education, culture, public health, political science and law, and of public security. Those made in the project of urban infrastructures reached 5.8 billion yuan, a 64.7 percent increase over 1991, accounting for 20 percent in the total investments made in fixed assets and topping the previous peak. Those made in tertiary industry reached 12.6 billion yuan and accounted for 63 percent in the total investments made in fixed assets. Those made in water conservancy works reached 400 million yuan, an 81.8 percent increase over 1991.

Great headway was made in urban infrastructure construction. The northwest second ring road and the south road were completed and opened to traffic. The construction of the Xidan Subway Station was completed, and the section from Fuxingmen and Xidan was opened to traffic. The 8-km-long section of the fourth stage of Beijing-Shijiazhuang Expressway was opened to traffic ahead of schedule. Construction of the heat supply pipes and network of Shijingshan Power Plant was completed. The highway of Shoudu Airport, Gaobeidian Sewage Treatment Plant, the second-stage project of the No. 9 water plant, the Shisanling Water Pumping and Energy Storage Power Station, and the subsidiary municipal works of the West Railway Station were all smoothly under construction. In 1992, the municipality newly installed 187,000 lines of telephone switchboards, and completed the building of the program-controlled telephone network, which was the biggest in capacity in the country. The municipality newly added 63,000 gas-using households, with the area subject to centralized heating system reaching 2 million square meters. Green areas in urban districts expanded by 112 hectares, and 65 pollution sources were put under control.

In 1992, 2.9 billion yuan was invested in building marketable houses, and 10.91 million square meters of marketable houses were completed. Of these completed houses, residential houses covered a space of 6.62 million square meters, and some 100,000 residents moved into new houses. More than 2.6 million square meters of dangerous and old houses were rebuilt, built, or repaired, and 800,000 square meters of them were completed. In 1992, 17,000 households were replaced and relocated.

Key projects proceeded smoothly. The program-controlled telephone switchboard of the No. 738 plant,

the 2.0-liter engine, Yansha Friendship Commercial Town, and some other industrial and commercial projects were completed and made available to users. Such key projects as the 115,000-ton ethylene plant, the large-scale integrated circuit plant of the Shoudu Iron and Steel Complex, and Beijing Cement Plant were under full swing.

Educational, medical treatment, cultural, political and legal, and public security facilities continued to improve. In 1992, middle school houses totaling 180,000 square meters were completed. In-patient ward buildings of Anding, Youyi, and Tongren Hospitals were completed one after another. The performing and broadcasting building of Beijing Television Station and the building for the municipal procuratorate's professional use were made available.

E. Financial revenues went up steadily, and the banking situation was good. On the basis of developing the economy and improving efficiency, the municipality effected a stable increase in financial revenues for 10 years running. In 1992, the municipality realized 8.025 billion yuan in financial revenues, up by 4.2 percent, to exceed the plan. Savings deposits of the banks in the municipality were 22.51 billion yuan more than those at the beginning of the year, and the amount of various kinds of loans was 11 billion yuan more than that at the beginning of the same year.

F. Scientific, educational, cultural, and public health undertakings developed vigorously. The level of commercialization of scientific and technological achievements was raised obviously. In 1991, the total volume of technology transaction reached 2.22 billion yuan, up by 70.7 percent. Marked results were achieved in the Spark and Torch Plans, in the industry invigoration plan, and in the industry experiment plan. The municipality added around 3 billion yuan in output value as a result of popularizing advanced applicable scientific and technological achievements. Marked results were achieved in accelerating the development of the technological industrial development experimental areas. New achievements were also made in social sciences research.

Educational reform was deepened in an all-around way. Educational facilities continued to improve. Educational quality improved further. All kinds of student enrollment quotas were fulfilled. In 1992, institutions of higher learning run by the municipality trained 50,000 specialized skilled persons of various categories at or above the secondary school level.

Good results were achieved in medical service. The incidence of infectious diseases of A and B categories dropped yearly, enabling the municipality to attain the target set for the experimental stage of its primary public health and health protection plan. In 1992, the municipality added 1,500 new hospital beds, so that there were six beds for every 1,000 people, the best proportion in the country.

New results were achieved in cultural, press, and publishing undertakings. The Beijing Cable Television Station began broadcasting. Radio, television, and newspapers and periodicals continuously opened new markets and new columns. The masses' cultural lives become even richer. Game sports and mass sports promoted each other and developed vigorously.

Beijing Municipality fulfilled the family planning target by 99.8 percent. The number of babies born in the year was 40,000 fewer than planned, the natural growth of the population with household registration was 2.21 per 1000, and the year-end population with household registration was 10.45 million.

G. Living standards in urban and rural areas were further improved. Urban people's cost of living income was 2,363 yuan per capita, and rural people's net income was 1,569 yuan per capita, up 5.4 and 7 percent, respectively, from 1991, which were fairly large increases. Urban and rural people's savings totaled 38.78 billion yuan, up 30 percent from 1991. Housing conditions improved. Urban people's housing space was 12.1 square meters per capita, and rural people's housing space was 22.7 square meters per capita.

Beijing's encouraging achievements in its economic and social development in 1992 were mainly attributed to the following factors. 1) We unswervingly adhered to the party's basic line and persistently took economic construction as the central task. The important speeches of Comrade Deng Xiaoping given during his south China inspection and the convocation of the 14th national party congress greatly inspired the people of various nationalities in the municipality to build socialism. This greatly promoted Beijing's economic development. 2) We persistently emancipated the mind, changed ideas, and accelerated reform and opening up. Early in the year, the municipal government urged all departments to further emancipate their minds, to find out where they lag behind, and to change ideas. It also formulated various policy measures for deepening reform, opening wider to the outside world, simplifying administration and delegating power to lower levels, and pushing the economy up to a new stage. This effectively brought about a high-speed economic development. 3) We made persistent efforts to enable the transformation of government functions and the transformation of the enterprise operating mechanism to promote and coordinate with each other. The government's effort to simplify administration, delegate power to lower levels, and strengthen management provided favorable external conditions for invigorating enterprises. Enterprises conducted reform, geared their work to the market demand, and strengthened management to increase economic ability to accelerate scientific and technological progress. In particular, the municipal people's congress, committee of the Chinese People's Political Consultative Conference, and various democratic parties rendered great support to government work. This helped boost the enthusiasm and creativity of the people of various nationalities in the

municipality for building socialism and helped rally powerful forces to promote economic development.

We clearly understand that some contradictions and problems still persist in Beijing's 1992 economic development. The following are major ones: Economic restructuring was sluggish; some large and medium-sized state-owned enterprises still lacked vigor; Beijing's scientific and technological advantage and personnel advantage had yet to be effectively developed, and its commercialization of scientific and technological achievements had yet to be improved; policies, rules, and regulations for reform and opening up urgently needed to be supplemented and improved; and many aspects of people's concepts, the economic system, and the operating mechanism lagged far behind the demand for developing the socialist market economy. We should adopt effective measures to resolve them.

## 2. Major Targets and Tasks of the 1993 Economic and Social Development

In line with the guidelines of the 14th national party congress and the seventh municipal party congress and the requirements of Mayor Chen Xitong's government work report, the general idea for arranging Beijing's 1993 economic and social development plan is that we should comprehensively implement the guidelines of the 14th national party congress, adhere to the party's basic line, persistently emancipate the mind, seek truth from facts, and, in line with the demand for gradually establishing the new system of the socialist market economy, accelerate reform and opening up, restructure the economy, improve economic efficiency, achieve faster and better economic development, and facilitate progress in all sectors of society. After last year's great development, we should strive to surpass last year's results and open up a new situation in the modernization program of the capital.

In accordance with the aforementioned ideas, the major objectives of the 1993 national economic and social development are:

- a. The gross domestic product should be valued at 80.5 billion yuan, an increase of 9 percent if calculated in terms of comparable prices. Efforts should be made to exceed this figure.
- b. We should strive to make the total retail sales of commodities in society reach 50 billion yuan, an increase of more than 16 percent over the previous year.
- c. While accelerating the pace of pricing reform, we should control the growth of social commodity retail prices at about 10 percent.
- d. On the basis of developing the economy and raising efficiency, we should raise the actual average per-capita income of the urban and rural residents by 4 percent or so.
- e. The whole municipality's total volume of foreign export trade should be \$1.68 billion, up 11.3 percent.

f. The financial revenue should reach 8.35 billion yuan, an increase of 4 percent; and the financial expenditures should be 7.42 billion yuan, an increase of 3.4 percent.

g. The social investment in fixed assets in the localities should reach 22.5 billion yuan, up 20 percent.

h. We should strive to raise economic efficiency. The energy consumption for producing every 10,000 yuan worth of gross domestic products should be reduced by 3.4 percent. The profit-tax rate of funds used by industrial enterprises implementing independent accounting should reach 15.3 percent; the turnover period of working funds should be reduced by five days; and the all-member labor productivity of industrial enterprises implementing independent accounting should rise by 9 percent or so.

i. The natural growth rate of population with household registration in the whole municipality should be controlled at 3.8 per 1000, and the net increase of population with household registration should be controlled to within 90,000 people.

In order to realize the aforementioned objectives, we should strive to fulfill the following tasks this year:

A. We should accelerate the readjustment of production set-up, raise economic efficiency, and promote a better and quicker national economic development. It is necessary to expand the degree of structural readjustment; to further readjust the production set-up, the enterprise internal structure, the product mix, the enterprise organizational structure, and the regional economic layout; and to coordinate the relations between economic development and social development. We should continue to pay attention to agriculture, and develop primary industry in line with the demand of developing farming that provides fine yields of high quality with maximum efficiency. It is necessary to readjust and optimize the international structure of the secondary industry in line with the principle of raising quality, efficiency, level, and quality. We should readjust the layout of the whole municipality's productive forces and give priority to developing tertiary industry in places within the third ring road, developing high and new technology industry in places between the third ring road and the fourth ring road, and seek comprehensive development in line with local conditions in places outside the fourth ring road.

The suburban and rural areas should implement the principle of "serving the capital, adjusting to the needs of the whole country, marching toward the world, making the people prosperous, and building a new, socialist modernized countryside"; pay further attention to and raise the foundation status of agriculture in the national economy; and intensify the overall quality of the rural economy. We should proceed from the reality of Beijing's suburban areas, rationally distribute and make full use of local resources, and develop farming that provides high yield of fine quality with maximum efficiency. In 1993, the total value of agriculture should reach 8.2 billion yuan, up 4 percent; and township industry should

reach 31.7 billion yuan, up 23 percent; and net revenue of the rural economy should reach 12.9 billion yuan, up 14.5 percent. The major measures are: First, we should persist in developing agriculture through science and education, combine agriculture with science and education, and actively popularize findings in agricultural science and technology with mature technology, vast market prospects, and good economic efficiency. Second, we should strengthen the role of market regulation, and on the basis of stabilizing total grain output, direct producers to readjust the internal structure of the planting industry and the production structure of non-staple foods in line with market demands; exert efforts to raise the per-unit area yield, quality, and efficiency; and deepen the reform of the agricultural product circulation system. Third, we should actively develop tertiary industry in rural areas and perfect the rural socialized service system. Fourth, we should induce township enterprises to gradually turn themselves from labor intensive enterprises into enterprises that depend more on funding and technology. It is necessary to encourage the development of the intensive processing of agricultural and sideline products; accelerate the development and production of new, special, brand name, and quality products as well as value-added products; and actively develop a type of farming that generates foreign exchange. Fifth, we should continue to increase agricultural input, strengthen the building of agricultural infrastructure facilities, and accelerate the implementation of the project on making the mountainous areas rich.

In the secondary industry, we should exert efforts to readjust its structure and raise efficiency; continue to readjust the industrial structure in line with the principle of carrying out projects that consume minimal energy, water and materials, occupy a very small area of land, causes very little pollution but produce value-added and technology intensive products; vigorously develop the high and new technology industry and such pillar industries as electronics and automobile industries; and bring along the development of 10 major industries and a batch of major products. It is necessary to develop new products in line with market demands, update and upgrade products, encourage enterprises to expand the economic scale of marketable products, increase the ratio of products on the market, and strictly restrict the production of stockpiled goods. No new stockpiles goods should be allowed. In 1993, we should continue to maintain an efficient and fairly high growth rate in industrial production. The municipal industrial output value should reach 118.3 billion yuan, up 14 percent over the previous year. The major measures are: First, we should continue to give emphasis to some major industries including the electronics, automobile, machinery, and building industries in terms of policies and funds. Second, we should pay attention to a number of key projects with development momentum, accelerate the building of the large-scale integrated circuit project of the Shoudu Iron and Steel Company, the light-duty vehicle project, the 115,000-ton ethylene project, the second-phase Matsushita color kinescope project, and

other key projects. Third, we should expand the degree of structural readjustment; readjust the existing number of enterprises by ordering some of them to shut down, suspend operation, amalgamate with other enterprises, or switch to the manufacture of other products; and transform outdated enterprises through introducing funds, technology, and managerial experience. Fourth, we should organize efforts to study countermeasures and make good preparations for seizing opportunities and meeting challenges while resuming our country's status as a GATT signatory state.

The building industrial sector should actively participate in domestic and international market competition on the basis of actively raising the level of designs, construction quality, and the quality of builder contingents.

It is necessary to conscientiously implement the "Decision of the CPC Central Committee and the State Council on Accelerating the Development of the Tertiary Industry" and the guidelines of the national conference on accelerating the development of tertiary industry; continue to exert strenuous efforts to develop commercial and service industries; expand and extend several big commercial central areas in a planned manner; and promote the building of seven commercial areas, namely, Wangfujing, Xidan, Chongyong Boulevard, Guanganmen Nei and Wai Boulevard, Dapenglan, Chaowai Boulevard, and Chongwai Boulevard. We should accelerate the pace of renovating the Dongan market and other large-scale commercial facilities with joint funds; seize the opportunities; give priority to building several national and regional, large-scale, multifunctional, wholesale markets for capital goods and consumer goods; speed up development of banking, insurance, real estate, information, and consulting industries; and form the country's important banking center and the first-grade information center. We should actively develop leading and basic industries such as communications, transport, postal and communications, scientific, technological, and educational industries which have a vital bearing on the overall situation. We should build the municipality into a center of science and technology as well as a center of talented persons which closely follows the level of advanced nations and which radiates throughout the country. We should build a postal hub that is the biggest in the country, a modernized communications center, and the biggest airport of the country. In 1993, the added value of the tertiary industry is expected to reach 36.6 billion yuan, and its proportion of the gross domestic product is expected to rise by 1 percentage point over 1992. For this, we should give full play to the initiative of the state, collectives, and individuals in developing the tertiary industry, and should mobilize and depend on the forces in all fields to run the tertiary industry. We should promulgate and implement as quickly as possible the municipal plan for developing the tertiary industry, and formulate relevant rules, regulations, policies, and measures. We should continue to expand and develop the tertiary industry. Except for those trades which are prohibited by formal

decrees of the state and which are definitely restricted by the pertinent departments of the state, all trades should be allowed to develop freely. We should encourage surplus personnel of primary and secondary industries to engage in the tertiary industry. Some enterprises should be allowed to transfer from the primary and secondary industries to the tertiary industry by completely changing their organizational system. We should strengthen the training of specialized, qualified persons needed by the tertiary industry. We should increase the proportion of investment in the tertiary industry. We should encourage investors in other domestic places and foreign traders to come to Beijing to run the tertiary industry.

B. We should strive to increase foreign export trade, and continue to develop tourism. Under the prerequisite of improving efficiency, we should strive to reach \$1.68 billion in the total volume of foreign export trade. We should optimize the export commodity structure and increase the export of machinery and electronics products and the products with high additional value in line with the demand of the world market. We should vigorously win the foreign trade and import and export rights for large and medium-sized enterprises and make great efforts to expand the export of the solely Chinese-run export enterprises and the export of the joint ventures involving foreign investment. We should vigorously develop contracting projects abroad and the export of labor service. We should encourage Beijing's enterprises to run enterprises abroad and initiate transnational corporations in order to promote the export of commodities, labor service, and technology.

We should further improve the supply of tourist commodities, improve the quality of tourist service, and strive to make the overseas tourists reach 1.8 million persons and make the foreign exchange revenues from tourism reach \$1.1 billion.

C. We should make good arrangements for the investment in fixed assets and ensure the construction of key projects in line with the demand of economic development. According to the demand of the revised "Beijing Overall Urban Plan" and to the demand for pushing Beijing's national economy onto a new stage, in 1993, the municipality projects the total investment in Beijing's fixed assets at about 22.5 billion yuan, up 20 percent over that in 1992. In 1993, the municipality plans to build or rebuild 30 million square meters of houses, of which, 11 million square meters will be completed. Fixed assets investment should be prioritized in urban infrastructure projects, tertiary industrial projects, projects for increasing reserve strength of industry, and residential projects.

We should continue to put the construction of the urban infrastructure at the apex of urban construction. In line with the goal of further perfecting the second ring road, accelerating the renovation of the third ring road, and planning to build the fourth ring road, we should emphatically build about 10 roads, about 20 overpasses,

a number of underpasses and overpasses, and a group of heating, coal gas supply, and communications projects. We should continue to firmly grasp the construction of the subway from Xidan to Bawangfen, the Shisanling water pumping and energy storage power station, the second stage of the No. 9 water plant, and Gaobeidian Sewage Treatment Plant. We should complete the building of the highway of Shoudi Airport and the fourth-stage project of the Beijing-Shijiazhuang Expressway. We should start building the West Beijing Railway Station. We should firmly grasp the planning and construction of the express communications facilities from the urban districts to such satellite cities as Huangcun and Tongzhou in order to create conditions for gradually shifting the focus of the capital's urban construction from urban districts to suburban areas. In arranging investment in fixed assets, we should facilitate construction of residential houses and public facilities in line with the principle of simultaneously developing new districts and renovating old districts and the requirement for taking the development of the tertiary industry into consideration. We should arrange the construction of residential houses on a priority basis, especially those to relocate the people moved from houses to be dismantled. We should make sure that 5 million square meters of housing are built for urban people, and renovation should start or resume for 2.6 million square meters of dilapidated housing, of which 800,000 square meters should be completed. Based on the development needs of the tertiary industry, we have arranged some key real estate development projects, such as the renovation of the Dongan Market and the construction of a large shopping center at the West Railway Station and the western small zones in Taoyuan and Chaoyang Parks. Meanwhile, we have also arranged a number of water conservancy facilities and some key projects in the fields of education, science and technology, public health, and public security. The investment in fixed assets is arranged so that key projects are ensured, and ordinary new projects are brought under control. We should strengthen the supervision and management of investment and budgetary estimates, strengthen the auditing of projects, and oppose waste.

D. We should strive to increase revenues, further adjust the credit pattern, and improve efficiency in the use of funds. On the premise of developing production and improving economic efficiency, we should strive to increase revenues and reduce financial subsidies. This year's revenues should increase steadily to reach 8.35 billion yuan, registering the 11th straight year of increase. Financial subsidies should be reduced to 4.37 billion yuan. We should restructure expenditures to ensure expenses for key items.

We should adopt every possible means to increase credit funds, arrange the scope of credit in a reasonable manner, adjust the credit pattern, and improve efficiency in fund usage to support the development of infrastructural facilities, basic industries, and high and new technology industries on a priority basis. We should

actively open up and develop monetary markets and expand the issuance of bonds and securities. We should strive to develop insurance programs, expand the scope of insurance business, and open new insurance programs to meet social needs.

E. We should accelerate the industrialization of science and technology and greatly develop education. In line with the requirements of the socialist market economy, we should establish and improve the overall system and operating mechanism that coordinates science, technology, and education with economic development. We should improve the quality of education and the level of science and technology, train personnel for construction in various fields, and accelerate the transformation of scientific and technological achievements into real productive forces.

We should make the best of the capital's advantage in science and technology; establish and improve the mechanism for science and technology to effectively coordinate with the economy; increase the investment in applicable science and technology; attach importance to the development and utilization of the achievements in social sciences; facilitate the commercialization, industrialization, and internationalization of high and new technology; and accelerate the transformation of science and technology into real productive forces. We should make scientific and technological fields speed up the use of foreign funds; do a good job in importing intellectual resources; and successfully master, apply, and further develop imported technology. We should greatly develop economic groups integrating "science, industry, and foreign trade," "technology, industry, and foreign trade," and "technology, agriculture, and foreign trade." We should promote the reasonable diversion and optimal organization of trained personnel. Focusing on enterprises' technological progress, urban construction, and environmental protection, we should further intensify scientific research and development, application of scientific achievements, scientific and technological cooperation, intermediate experiments, and experiments on industrialization. We should make continuous efforts to do a good job in developing new technology industrial development experimental zones and scientific and technological parks.

We should persistently attach strategic importance to education and develop it on a priority basis. We should strengthen elementary education and improve its quality. We should increase investment in education continuously, improve teaching conditions of remote mountainous areas, and raise their instruction levels. We should step up renovation and expansion of primary and middle schools and further improve housing conditions of their teachers.

We should accelerate the formulation of secondary vocational and technical educational development plans in the municipality, actively develop secondary vocational education, do a good job in running adult education, and encourage people to make themselves competent

through self-study. It is necessary to appropriately expand the ratio of enrolling extrabudgetary students studying at their own expense. In 1993, under the plan, the municipal institutions of higher learning and scientific research organs should enroll 375 graduate students, ordinary institutions of higher learning should enroll 10,800 students, and secondary vocational and technical schools should enroll 40,000 students. We should strive to train all sorts of special personnel for banking, real estate, accounting, law, and consulting sectors and for international economic and trade symposiums which are much needed by economic construction; further reform the educational system; comprehensively implement the plan for readjusting municipal institutions of higher learning; expand the decisionmaking power of schools; and encourage the practice of pooling social funds to run schools through various channels and forms and the establishment of nongovernmental schools.

F. Based on economic development, we should improve the people's material and spiritual life, and under the premise of developing production and raising economic efficiency, enable the actual average per-capita income of the urban and rural residents to rise, after deduction of pricing factors, by 4 percent or so. On the basis of renovating dangerous and outdated houses, we should continue to improve housing conditions of residents in cities and towns and give priority to solving the housing problem of those who have difficulties with housing.

By deepening reform, we should promote the development of the public health, cultural, publication, and sports work; accelerate the industrialization and socialization of social undertakings; and make them market-oriented. We should raise the medical, cultural, and sports service level; open more cultural centers and stadiums to the public; and enrich the spiritual life of the masses.

It is necessary to unswervingly grasp family planning and control the urban population, give priority to strengthening the rural family planning service stations, strengthen management over the temporary population, and control the net increase of population with household registration within 90,000 people by the end of the year.

Continued efforts should be made to strengthen comprehensive improvements in urban and rural environment, to strive to reduce air pollution, to protect and make rational use of land, mineral deposits, forest, and water resources, to further improve the ecological environment, to make the city green, to beautify the environment, and to create good environmental conditions for improving the capital's environment and for hosting the 2000 Olympic Games.

**3. Accelerate the Pace of Reform and Opening and Guarantee the Overall Fulfillment of the 1993 National Economic and Social Development Objectives and Tasks**

To enable municipal national economic and social development to enter into a new stage, we must comprehensively implement the guidelines of the 14th CPC Congress, further emancipate minds in line with the demand of building the socialist market economic new system, seek truth from facts, and accelerate the pace of reform and opening up.

A. We should comprehensively implement the "regulation," emphasize changing the operational mechanism of state-owned large and medium-sized enterprises, and deepen enterprise reform. The conscientious implementation of the "regulation" will remain the focus of the municipality's economic reform. Only by firmly grasping this focus can we guarantee overall economic invigoration, promote the development of the main body of the market, and promote the change of government functions.

We should continue to implement management decisionmaking power over enterprises and step up efforts to implement the municipal method for implementing the "regulation." It is necessary to inspect the implementation of each and every power which we have delegated to enterprises in line with the stipulations listed in the "regulation." We must not withhold or withdraw powers. We should give special attention to guaranteeing the decisionmaking powers in the operational and management, personnel management, labor employment, internal distribution, and organizational set-up of state-owned enterprises. Enterprises should be good at safeguarding their own legal rights and interests, and should actively enter the domestic and international market on their own initiative.

We should speed up the establishment of new enterprise systems, with the focus on transforming the enterprise operating mechanism and rationalizing the relations among various sectors in terms of property rights. We should actively facilitate Beijing's experiment with shareholding enterprises in line with the guidelines of the state's regulations on reform of the shareholding system. We should particularly develop limited responsibility companies, establish limited companies whose shares are held by legal persons, and succeed in standardizing workers' shareholding of the shareholding enterprises. We should select several enterprises to experiment with trading of securities on the markets in other localities. We should continue to improve and implement the enterprise contract system to ensure that state property increases its value in a reasonable manner.

We should eliminate barriers between different trades, different departments, and different localities to improve and develop enterprise conglomerates on the basis of voluntary participation by enterprises; facilitate the merger and reorganization of enterprises in various forms; and achieve new progress in enterprises' declaring

bankruptcy according to law. We should formulate coordinating measures for establishing a municipality-wide property rights trading market as soon as possible. Regarding some state-owned small industrial enterprises, retail commercial enterprises, and catering and service enterprises, some may be turned into shareholding cooperative enterprises, and others may sell their property rights or be leased out on a long-term basis.

B. We should seize favorable opportunities to actively and effectively use foreign funds, resources, technology, markets, and managerial expertise. We should use more foreign capital by establishing the three types of foreign-funded enterprises. In developing the three types of foreign-funded enterprises, we should develop them in both urban and rural areas, develop large, medium-sized, and small ones simultaneously, and develop high and new technology enterprises and labor-intensive enterprises simultaneously. While actively developing small and medium-sized ones, we should make great efforts to establish some large ones at a high level. We should continue to expand the use of foreign capital, and encourage investment by foreign firms in the tertiary industry, such as real estate, monetary, commercial, transportation, and information consulting businesses. We should actively create favorable conditions for building joint venture banks, shops, and other new business. We should continue to win preferential loans provided by foreign governments and international monetary organizations, as well as international commercial loans.

The Beijing new technology industrial development experimental zone, its Shangdi information industrial base, and the Fengtai and Changping scientific and technological parks should be developed more rapidly so that high and new tech industries can meet world standards at an early date. Infrastructural construction for the district under the intermediate-stage development program of the Beijing economic and technological development zone should be completed within this year. The development zones and small industrial zones in other districts and counties should be promoted step by step, with the focus on construction of infrastructural facilities in the zones to ensure water, electricity, gas, heat, and communications service. While carrying out development projects, we should invite investment and make sure that profits are created as soon as an area is developed. We should expand achievements in our investment, inviting activities in Hong Kong, step up implementation of projects for which contracts or letters of intent were signed, and continue to do a good job in coordinated service for screening and approving projects. The approved three types of foreign-funded enterprises should bring in more funds from abroad to develop their projects in strict accordance with contracts. Projects under construction should strengthen the later-stage management. We should further improve the investment climate of the municipality. We should

improve Beijing's rules and regulations on the use of foreign funds and strive to provide quality service to investors.

C. We should make great efforts to establish and develop the market networks. Establishing and developing markets for the means of production, money, real estate, labor service, and information are urgent tasks. We should fully develop the overall advantages of the capital and boost the enthusiasm of all quarters to establish markets in the capital. We should lose no time in planning Beijing's market development and build a number of specialized markets with their own characteristics. We should encourage and protect all kinds of main bodies of investment to participate in market dealing and to construct the investment market according to laws. We should vigorously develop the market medium organizations and train market management experts. We should emphatically run several national or regional steel product markets, coal markets, oil product markets, and building materials markets. We should energetically develop futures markets, continue to develop stock markets, and expand the scale of stock dealing. We should positively organize and establish Sino-foreign joint ventures and cooperative banks, local insurance companies, and stock companies to gradually give rise to the banking center of the municipality. We should further decontrol the second-grade real estate market. We should promote the reform of residential houses and develop the real estate business.

We should accelerate price reform, gradually rationalize price relations, and promote the cultivation of market mechanism. In line with the state demand of "combining decontrolling with regulating by focusing on the former," we should further readjust the prices of a portion of energy resources, raw materials, and cargo transportation items. We should further decontrol the prices of industrial consumer goods. Prices that can be deregulated should all be deregulated so that they are subject to market regulations. In carrying out price reform, we should appropriately grasp the opportunity and dynamics and give full consideration to the capacity of various fields to bear reform in order to ensure the basic balance between total supply and demand.

D. We should raise funds from diverse channels to ensure the reasonable demands of reform, opening up, and key construction projects. Under the new situation of accelerating reform, opening up, and modernization, the fund problem is a conspicuous problem we face. For this, we must improve the utilization results of the fund, unfailingly grasp the balance between fund supply and demand, firmly grasp the direction of the flow of funds, and try every possible means to expand the source of funds. In the course of boldly utilizing foreign capital, we should promote the paid transfer of land use in a positive and planned way and should continue to exploit the initiative of the municipality, the districts, and the counties in order to make land transfer the important source of funds. We should boldly explore the way of comprehensive development and utilization of urban

basic facilities and gradually develop it into an industry. We should open our gates wide to attract foreign investment. We should continue to expand experiments for the shareholding system. We should strive to increase the issuance scale of bonds and loans, and develop the long-term and medium-term monetary markets. We should reasonably guide the flow of budgetary funds, extra-budgetary funds, the funds for credit and loans, the funds of the nonstate-owned enterprises, and the funds of individual residents in order to better serve the municipality's economic development.

E. We should establish and perfect the social guarantee system. The establishment of the social guarantee system touches upon the reforms of the unemployment insurance system, the old-age insurance system, and the medical system, thus being an important condition for deepening reform and expanding the scale of opening up. We should firmly grasp the drawing-up of plans, carry out experiments, and gradually expand the system. We should further improve methods of raising and issuing insurance funds to workers of enterprises who join the unemployment insurance program. We should vigorously develop medium organs such as job introduction stations. We should positively and appropriately promote the reform of medical system and establish and perfect the medical insurance system.

F. We should reform the planning system and the investment system and should improve and strengthen overall regulation and control. To establish a new socialist market economic system, we must continue to reform the original overly centralized planned management system. Planning departments should thoroughly change from planning ideas and content to planning forms and methods. We should further reduce items subject to mandatory planning, simplify the planned target system, and expand the scale of market regulation. We should give full play to the basic role of market regulation and to the guiding role of planned regulation.

We should further reform the investment system. On the basis of implementing "regulations" and making enterprises really become the main investment body, we should positively carry out the system of the owners of capital construction projects assuming sole responsibility and we should gradually expand the trial implementation of the investment form under the shareholding system. We should work out preferential investment policies to support construction of key projects and structural readjustment. We should continue to perfect and develop the consultation system, contract system, and open bidding system to serve construction items so as to bring into full play the functions of market competition.

On the basis of reforming the planning system and the investment system, we should adopt measures to strengthen macroeconomic regulation and control and strictly ensure a basic balance between total supply and total demand. Now, we should persistently focus on linking speed with efficiency. On the basis of stressing

efficiency and quality, we should strive to develop the economy at a fast pace. We should correctly guide and manage the development zones and the real estate industry. We should firmly attend to working out new industrial policy measures, attend to the long- and middle-term plans, and explore effective ways for the state to regulate and control markets.

G. We should further emancipate the mind, "change our ideas," and speed up changes in the functions of departments. In line with the requirements for setting up the socialist market economic system, departments under governments should further emancipate the mind, renew their ideas, and speed up the changes in their functions. The main functions of the municipal planning committee are as follows: Study strategies, work out plans, regulate macroeconomic controls, balance the capital, work out production policies, cultivate markets, work out plans for key projects, and provide coordinated service. The planning departments of the municipality, districts, counties, and bureaus should further emancipate the mind in the course of doing the work in these eight aspects and change their functions. First, we should change the focal point of work from excessive management of macroeconomic activities which mainly includes fixing targets, dividing investment, approving projects, and distributing goods and materials, to the study and formulation of policies and strategies. Second, we should shift the focus of work from direct management with administrative means to indirect management with economic policies, economic levers, and economic rules and regulations. Third, we should shift the focus from paying more attention to the economic activities of state units to guiding, regulating, and controlling the economic activities of the whole society. Fourth, we should shift the focus from laying more stress on management of materials and targets to paying attention to value management, guidance of policy plans, and the guidance of the fulfillment of planned targets. Fifth, we should shift the focus from laying more stress on the management of industries and capital construction to the guidance of the whole economy, including the primary, secondary, and tertiary industries. Sixth, we should shift the focus from laying more stress on the management of supply to the neglect of market demands to the regulation of markets according to social demands and the positive cultivation and setup of markets. Seventh, we should shift the focus from laying undue stress on balancing the domestic economic activities to positively using domestic and foreign markets, two kinds of natural resources, and two kinds of capital. Eighth, we should shift the focus from excessive control over the management of plans to the management of coordinated service.

**Inner Mongolia Head Inspects Hulun Buir League**  
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[Text] During his recent inspection tour in Hulun Buir League, Wang Qun, secretary of the autonomous

regional party committee, urged leading persons at all levels of Hulun Buir League to "arm the mind and guide the practice with Comrade Xiaoping's theory of building socialism with Chinese characteristics; further emancipate the mind and change ideas; have more courage to conduct experiments and exploration; develop the geographical, resources, and policy advantages to the maximum; set high goals and carry out great undertakings with the courage and insight of the people of great mountain forests; create a new level in running the experimental zone; and stand at the van in the great march toward a fairly comfortable life."

Wang Qun led responsible comrades of pertinent regional departments to inspect the work in Hulun Buir League on 17 February. During the seven-day inspection tour, he braved ice and snow to visit border areas, enterprises, and herdsmen households day and night. He also held discussions with the party, government, and Army leaders of 11 banners and cities on the major policies for the development of the experimental zone.

During a discussion with the party, government, and Army leaders of Hulun Buir League, Wang Qun pointed out delightedly: The five-year practice of the Hulun Buir League experimental zone has been a success. The five years marked a period of large-scale reform, large-scale opening up, and large-scale development, during which encouraging progress was made in various undertakings, many economic norms were doubled and redoubled, and many experiences were created that can be used by various localities. He urged leading persons at all levels of Hulun Buir League, guided by the party's basic line, to conscientiously summarize the practice and experiences of these five years, take the initiative in adapting themselves to the new situation in establishing the socialist market economy system, continuously explore the new ways to develop the economy, and ensure an extraordinary development in the economy.

In the border city of Manzhouli, Wang Qun braved wind and snow to visit with great interest the border people's countertrade zone, which was under construction, the goods delivery spot, and a foreign trade freight yard. He told local responsible comrades: Coastal areas have developed, thanks to opportunities, geographical advantages, and support of the people. Manzhouli, Ergun Right Banner, and other border banners, cities, and counties with similar conditions and opportunities should be built into examples in opening to the outside world for other border areas to learn from and should never miss opportunities. He urged Hulun Buir League to regard Manzhouli and Ergun Right Banner as the "dragon head" for leading the "dragon body" and the "dragon tail" and to achieve a significant breakthrough in foreign economic relations and trade. He said: Our endeavor to seek trade and cooperative partners should never be limited to border areas or a certain country. We should go to the hinterland of Russia, to Northeast Asia, and to the various countries of Europe to do business. Our ideas on opening to the outside world should also be broader. We should not only do business in foreign

countries but establish various types of enterprises there or operate their crops and livestock farms, plants, and shops on a contract or leasing basis. We should not only build the bases for producing local export commodities and be the "major spikers" but also cooperate with other leagues and cities of the region and coastal and inland areas of China to develop export and be the "setters."

During a discussion with local responsible comrades, Wang Qun pointed out: With a vast land and abundant resources of all kinds, such as water, coal, electricity, land, forests, and ores, Hulun Buir League should promote its entire work through opening to the outside world, eliminate barriers and obstacles of all descriptions, embrace the new idea of the market economy, and pool the efforts of all sectors to accomplish several major undertakings as soon as possible in water conservancy, coal, electricity, agricultural, and animal husbandry development. Never should we lack courage to expand work and be dilatory. Meanwhile, we should always bear in mind the major task of leading peasants and herdsmen to a fairly comfortable life. We should lead the people of various nationalities to take the market as the guide and take the correct road of coordinating planting and breeding with processing, industrial and agricultural production with foreign trade, and industrial production and animal husbandry with foreign trade. Leading organs should improve their work styles, change their functions, streamline their offices, divert their cadres to various types of service entities, which should be established as soon as possible, and pave the road for peasants and herdsmen to enter the market and to achieve a fairly comfortable life.

Wang Qun showed special concern for three autonomous banners during the inspection. He visited Ewenki Autonomous Banner to learn about its situation, heard the reports of Oroqen Autonomous Banner and Morin Dawa Daur Autonomous Banner, and held special discussions with the responsible comrades of the league and the banners on the development of these three autonomous banners. He urged pertinent regional departments and the party and government leaders of Hulun Buir League to study the work of these three banners, help them improve their plans, create a more relaxed policy environment for them, and provide them services in various fields. He urged the leading comrades of these three banners to have lofty ideals, make utmost efforts to achieve a fairly comfortable life ahead of others, and realize the common prosperity of the various nationalities.

During the inspection, Wang Qun emphasized repeatedly: Leading persons at all levels should focus on priorities when doing their work and make great efforts in implementation. They should both emancipate the mind and seek truth from facts, have the courage to set forth extraordinary targets, be willing to put more pressure on themselves, and turn the pressure into motivation. He also urged them to learn some dialectics, overcome one-sidedness in the way of thinking, and always attend to the two civilizations during practice. Wang

Qun also gave important opinions on how to train, use, and cherish the cadres of various nationalities and bravely bring in trained personnel.

### **Inner Mongolia Promotes Vocational Education**

OW1203213293 Beijing XINHUA in English 1500  
GMT 12 Mar 93

[Text] Hohhot, March 12 (XINHUA)—The Inner Mongolia Autonomous Region is making robust efforts to develop professional and technical education to promote its economic development.

According to the regional Education Department, administrations at various levels have greatly increased their input into vocational and technical education. From 1990 to 1992 the investment in this sector amounted to more than 23 million yuan.

The region has set up 214 vocational and technical schools which enrol more than 63,000 students. Now more than 20,000 students graduate in 140 disciplines every year.

The region also sets great store by the training of teachers for these schools.

In the past three years the region has trained 2,098 local teachers, and 60 have been sent to Japan for further study.

### **Tianjin Measures on Enterprise Tax, Profits**

SK1003140793 Tianjin People's Radio in Mandarin  
2300 GMT 9 Mar 93

[Text] The municipal people's government formally and recently approved and issued the measures formulated by the municipal financial bureau with regard to having the state-run and collective-run enterprises throughout the municipality enforce the separation of tax and profits, after-tax loan repayment, and after-tax profit sharing. From now on, the state-run and collective-run enterprises across the municipality will begin paying their income tax in line with the unified tax rate of 33 percent. They will repay their loans and share the profits after having paid their taxes. They will be exempted from paying the fund for energy resources and the fund for readjusting the budget.

The formulation of these measures is the first one of the 53 key working projects that have been required to be fulfilled by the municipal party committee in 1993. After enforcing these measures, the state-run and collective-run enterprises across the municipality will further straighten out or standardize the distribution relationship between the state and enterprises. They will enhance their vigor and promote the departments in charge of comprehensive management to deeply conduct reform and to shift their function. The enforcement of these measures will create important conditions for enterprises to enter markets and to unfold open competition.

The municipal departments concerned are drawing up specific and detailed rules and regulations for enforcing these measures.

#### Tianjin Highlights Technical Export 'Achievements'

SK1003140993 *Tianjin TIANJIN RIBAO* in Chinese  
22 Feb 93 p 1

[Summary] Tianjin Municipality has made marked achievements in exporting technologies over the past three years. The yearly average increase in its technical exports is \$10 million. The volume of technical exports in 1992 was \$40.96 million, a 34.94 percent increase over 1991, which ranked the municipality third in the country in this regard. At the China Technical Export Trade Fair held in Indonesia in November 1992, the municipality's volume of signed contracts reached \$4.2 million. The 1992 volume of technical exports to the countries of Indonesia, Pakistan, Thailand, and Egypt reached more than \$34 million and accounting for about 85 percent in the total volume of exports. The municipality has set the export target in this regard at more than \$50 million in 1993 and is attempting to reach \$60 million.

### Northeast Region

#### Heilongjiang Hosts Information Exchange Meeting

SK1903064993 *Harbin Heilongjiang People's Radio Network* in Mandarin 1000 GMT 18 Mar 93

[Text] The first provincial information exchange and trading meeting ceremoniously opened on 18 March. This meeting was cosponsored by the provincial information center and the provincial broadcasting station with the support of more than 20 departments and bureaus. Chen Yunlin, Wang Xianmin, Zhu Dianming, and Li Qinglin attended the opening ceremony.

The State Information Center, the State Patent Bureau, Jilin Province, Liaoning Province, and (Youli) Company of the United States also sent personnel to attend the meeting.

The main purpose for sponsoring this meeting is to open Heilongjiang's information gate that was closed in the past, to have the vivid information needed by enterprises penetrate into the economic activities of the province, and to provide service for the decisionmaking organizations and the economic entities.

Li Qinglin made a speech at the opening ceremony. He said: Our province should set up an information system to collect, process, and deliver domestic and international market information and commodity prices. With this system, the province will be able to keep contact with all the markets in the country. We should gradually set up a nation-wide market information network to provide good-quality and highly efficient information

service for enterprises and to provide scientific information and a reliable basis for making policy decisions on management.

After the opening ceremony, Vice Governor Chen Yunlin went to the exhibition hall and asked, in detail, about the information exchange situation of the Chinese integrated information network and some enterprises in the province.

On the morning of 18 March, the meeting also released more than 200 pieces of economic information to thousands of entrepreneurs.

#### Daqing Building 'Biggest' Petrochemical Market

HK1803144093 *Beijing ZHONGGUO XINWEN SHE* in English 1046 GMT 18 Mar 93

[Text] Daqing, March 18 (CNS)—The Vice Mayor of Daqing, Heilongjiang Province, Mr. Wang Jiang, speaking at a recent press conference, said that Daqing had started construction of what will be the biggest petrochemical market in the country.

The market located within the Daqing New and High-Tech Industrial Development Zone will have a 7,000 sq. metre transaction hall. It will go into operation this June.

The market, backed by the city's petroleum and petrochemical industrial enterprises, will gradually converge with the international market. Its business will include spot purchasing and selling, agent purchasing and selling and contract trading. It will also conduct spot transactions and futures dealing by means of fairs, exhibitions and meetings for orders.

The annual oil output of the Daqing oilfield, China's largest, accounts for 40 percent of the country's total and its oil-processing capacity has reached more than 13 million tonnes. Some 72 kinds of products have reached international standards and 83 have earned the "fine quality" label by the state and province.

#### Heilongjiang Fines Hotel for Illegal Television

SK1403012093 *Harbin Heilongjiang People's Radio Network* in Mandarin 2200 GMT 13 Mar 93

[Text] Jiamusi (Sanjiang) Hotel was investigated and handled by relevant departments for presumptuously setting up a satellite ground station in violation of the state regulations on receiving overseas television programs.

The provincial radio and television department, the provincial public security department, and the provincial state security department also sent groups to investigate this undisciplined case on several occasions.

This hotel opened not long ago. To solicit consumers, the hotel wantonly set up a satellite ground facility without the approval of the management department. With this facility, the hotel broadcasted overseas television programs through four channels the whole day. It also made

advertisements to spread the news of having this facility to solicit more consumers. This has produced a bad influence across the whole province.

The relevant departments in Jiamusi city closed down the satellite reception equipment and also imposed a fine on the hotel according to regulations.

### Liaoning Issues Grain, Cotton Purchasing Policy

*SK1403011993 Shenyang Liaoning People's Radio Network in Mandarin 2300 GMT 12 Mar 93*

[Text] On 12 March, the provincial government held a telephone conference to release the provincial grain and cotton purchasing policies and to make arrangements for spring plowing.

At the telephone conference, Vice Governor Zhang Rongmao said: On the basis of the 1992 measures for decontrolling the grain purchases of Anshan and Jinxi cities, this year, the provincial government decided to decontrol the grain purchase of Liaoyang, Benxi, and Chaoyang cities. The amounts of grain and the varieties of grain that have originally been assigned to the cities by the state will not be changed. The province should purchase grain from the aforementioned five cities according to economic contracts. The rest of the cities should continue to carry out the state fixed-quota purchasing method. The fixed-quota grain should be purchased at the state purchasing prices, and the amounts of grain covered in the economic contracts should be purchased from the peasants at the state-defined protective and base prices. We should change the supply of chemical fertilizer and diesel oil at parity prices according to the grain purchasing contracts into paying the peasants the portions of money balanced between negotiated prices and parity prices. In purchasing the fixed-quota grain from the peasants, we should carry out the method of adding the prices according to the state policies. When the market prices are lower than the protective prices, we should purchase the fixed-quota grain at protective prices or added prices. When the market prices are higher than the protective prices, we should purchase the fixed-quota grain at market prices. In principle, the province will decontrol cities' soybean purchasing prices. Prefectures and cities have the decisionmaking rights to decide on carrying out the fixed-quota purchasing methods among the peasants. Except for Jinxi city, which has the decisionmaking right of grain purchasing, marketing, and distribution, the province continues to strictly carry out the grain distribution plan among other cities. The fixed-quota grain purchasing targets assigned to cities by the province and the economic contracts signed between the province and cities should be divided among individual households before spring sowing. To stabilize the province's grain production, the province will continue to carry out all existing supporting policies as well as the state preferential policies. The fixed-quota cotton purchasing method should continuously be carried out. The cotton purchasing and marketing prices should not be decontrolled.

Vice Governor Xiao Zuofu made arrangements for spring plowing. He said: The spring plowing is now in slow progress across the province. There is a strain on funds for spring plowing. Some localities are suffering serious drought. The peasants in some localities do not have enthusiasm for growing grain. Therefore, we should regard the spring plowing work as the primary important task and firmly attend to it. The party and government organs at various levels should firmly organize office cadres and send them deep to the grass roots. The financial departments at various levels, banks, and credit cooperatives should ensure putting the funds for farm use in place. The distribution of chemical fertilizer to other places should be approved by the provincial government. The major agricultural capital goods should be sold at ceiling prices. Simultaneously, we should concentratively conduct a general price inspection during spring plowing period. At present, we should particularly base ourselves on combating drought to ensure spring sowing and combating disasters to capture bumper agricultural harvests.

### Workers Mark Liaoning Party School Anniversary

*SK1303085993 Shenyang Liaoning People's Radio Network in Mandarin 1000 GMT 11 Mar 93*

[Text] Workers in charge of the party's theoretical education from all over the country gathered in Shenyang's Liaoning Mansion today to celebrate the 10th anniversary of the Liaoning party school, which offers courses through periodicals.

From 1 March 1983, when the Liaoning party school offering courses through periodicals opened, it has designated 44 school districts and established nearly 100 branches in the 30 provinces, municipalities, and autonomous regions of the country and has trained more than 300,000 students.

At today's forum to mark the 10th anniversary of the school, responsible persons from the organization and propaganda departments of the party Central Committee and pertinent departments of the Central Party School praised this school without walls. In their speeches, provincial leaders and delegates from various localities urged the school to persistently take the theory of building socialism with Chinese characteristics as the major course and continue to serve reform, opening up, and economic construction.

### Liaoning Extends Old-Age Insurance Reform

*SK1303085593 Shenyang Liaoning People's Radio Network in Mandarin 1000 GMT 11 Mar 93*

[Text] As was learned from today's provincial meeting on social insurance, Liaoning's reform of the old-age insurance system had begun to extend from small-scale reform in pilot units to large-scale reform conducted according to law.

In 1992, 63,000 enterprises with 1.42 million staff members and workers joined the overall social planning for old-age insurance. The social insurance programs of the province have provided more and more guarantees. Last year, labor insurance organizations in the province paid 22.41 million yuan for 467 enterprises which had suspended production totally or partly, thus ensuring the needs of the life of 26,000 retired workers. More than 2 million staff members and workers in seven cities of the province have begun to pay their old-age insurance premiums. The old-age insurance program at three levels—the state's basic insurance, the enterprise's supplemental insurance, and the individual's savings insurance—has been gradually put in place.

### Northwest Region

#### **Qinghai Enacts Housing Reform Plans for Cities**

*HK10903092693 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 3 Mar 93*

[Text] The implementation plan for the province's housing reform in cities and towns has been promulgated. Recently, the State Council Housing Reform Leading Group approved the Implementation Proposals of Qinghai Province on Housing Reform in Cities and Towns. The provincial government promptly printed and issued the implementation proposals to various localities of the province, and called for them to closely combine the proposals with reality, firmly grasp the formulation of implementation plans and specific measures for the housing reform, promulgate them in good time, and elaborately organize their implementation so as to ensure the smooth progress of the housing reform in the province.

According to the implementation proposals, the housing reform in cities and towns of the province will start with reforming the system of housing provided by governments at low rent in light of the requirements of the socialist market economy and the actual conditions in the province, and gradually will be pushed forward in a positive, steady, and diversified way in line with local conditions and capabilities. We should bring into full play the initiative of the state, the collective, and the individual; raise funds from various quarters; accelerate housing construction; and mitigate the contradiction between housing demand and supply. Through reform, we should incrementally establish a mechanism of resolving the housing problem by a three-in-one combination comprising the state, the collective, and the individual, and bring housing construction, distribution, exchange, and consumption into the orbit of the socialist market economy. We should achieve a benign cycle in the input and output of housing capital, improve the housing conditions of urban residents, give correct guidance to consumption, and gradually [passage indistinct]. We should stick to the principles of the state, the collective, and the individual bearing the burden jointly, of employing the methods of leasing, selling, and supervising simultaneously, of transforming mechanisms, and

of unifying policies and standardizing policy decisions. Through adding subsidies to pensions, operating provident funds, providing housing allowances, selling housing built by the public sector, raising funds to build housing, setting up housing foundations, and other methods we should do our utmost so that the urban housing funds for carrying out reform during the Eighth Five-Year Plan will reach the level required by the three factors for achieving simple reproduction, the per capita living area will reach 7.2 square meters, and the proportion of people living in separate apartments will reach 40 percent. By 2000, the standard of housing funds will reach the level of the five factors for costs [as heard], the per capita living area will reach 8 square meters, and the proportion living in separate flats will reach 60 percent. After a considerable period of endeavor, we will strive to achieve the goal of every household living in a comfortable home.

#### **'More Developed Eastern Areas' Help Xinjiang**

*OW1603093193 Beijing XINHUA in English 0741 GMT 16 Mar 93*

[Text] Urumqi, March 13 (XINHUA) -The Xinjiang Uygur Autonomous Region, a minority-inhabited and relatively backward area in northwest China, has benefited in recent years from the help given by the more developed eastern areas of the country.

Statistics show that in 1992 alone provinces and municipalities in eastern China signed with Xinjiang agreements on over 1,000 co-operative projects, which involved a total investment of more than three billion yuan.

So far, 500 million yuan of the investment has been used, making Xinjiang's total annual pre-tax profits increase by 200 million yuan. Judging by the fact that Xinjiang's total annual revenue was merely two billion yuan, this was a big growth.

Previously, Xinjiang's auto industry used to be sluggish. After China's three-biggest auto industry enterprise groups pooled resources with three local auto factories in Xinjiang all the three local factories made up their deficits and started to have surpluses. In 1992 alone the factories made about 20 million yuan in pre-tax profits.

With the help of the Dongfeng Auto Corporation, the Xinjiang Auto Plant, which was once on the verge of bankruptcy, developed 92 new varieties of products in five series, becoming one of the ten-largest industrial enterprises in Xinjiang.

Statistics show that most of the rising industrial enterprises in the region, such as the Xinjiang No. 1 Radio Factory, Xinjiang Chemical Fertilizer Plant, Urumqi Tire Plant and Buerjin Woollen Mill, have all benefited from help given by enterprises in the eastern part of China.

Many enterprises producing famous-brand commodities, such as "Phoenix" bicycles and "Yumeijin" cosmetics, have also helped their counterparts in Xinjiang. This has greatly promoted the development of the industries concerned in the region and enhanced the region's market development.

Besides economic and technological support, the eastern provinces and municipalities have also helped Xinjiang to train skilled people. Every year the universities in the eastern part enroll large numbers of students from Xinjiang. Some developed areas in eastern China have also trained Xinjiang officials.

**Chief Negotiator Warns of U.S. 'Retaliation'**

OW1903090293 Taipei CNA in English 0750 GMT  
19 Mar 93

[Text] Taipei, March 19 (CNA)—Ranking economic officials and economists here Thursday called for concerted efforts to tackle the possible crisis of U.S. retaliatory measures which, they warned, the Republic of China [ROC] can ill-afford.

Vice Economic Affairs [Minister] Sheu Ke-sheng, ROC chief negotiator to the Sino-American intellectual property rights negotiations concluded in Washington March 12, recommended that concrete steps be taken before April 15, a deadline set by the U.S.

Sheu came up with the suggestion Thursday in his report to the cabinet's ad hoc committee for trade between the countries.

While reaching partial agreement on the topics of the agenda, Taipei and Washington failed to come to an agreement on the bilateral copyright protection agreement and the crackdown on Taiwan's illegal cable TV stations.

The U.S. side during the negotiations threatened to place the ROC on its soon-to-be-published list of retaliation by invoking the Special 301 provisions of the 1984 and 1988 U.S. Omnibus Trade Acts.

It is generally believed that between U.S.\$800 million and U.S.\$1 billion worth of Taiwan products going to the U.S. would be affected should the Clinton administration decide to impose punitive measures against the nation.

Sheu warned, however, that should the U.S. resort to the Special 301 provisions, Taiwan would lose not only the sum but also suffer the indefinite withdrawal of some Taiwan products out of the American market.

According to a government report, Taiwan-manufactured electronic products, computers and peripherals, office equipment and textiles would be the major targets of U.S. retaliation.

The spillover effects arising from such retaliation may amount to as much as U.S.\$5 billion. Should that happen, the overall economy would not bear the impact, not to mention small enterprises which rely foremost on the U.S. market, the report warned.

Initial estimates by the directorate general of budget, accounting and statistics indicate that the ROC's 1993 economic growth rate would fall to below 5 percent, at least 1 percent lower than the projected goal.

Liu Ta-nien, deputy researcher of the Chunghwa Institution for Economic Research, also warned of the negative impact likely to be generated from the U.S. move.

He admitted that knuckling under to Special 301 pressure would inevitably draw some criticism, but he doubted that there was any countermeasure available right now.

The psychological impact on the general populace would be great, as it does not expect American retaliation, Wu Tsai-ji, executive of the Taiwan Institute of Economic Research, analyzed from a different angle.

After hearing Sheu's report, Hsiao Wan-chang, convener of the cabinet's ad hoc task and concurrently chairman of the Council for Economic Planning and Development, promised to arrange a meeting between the administrative and legislative branches and to push through bipartisan discussions.

The Legislative Yuan shelved eight controversial articles of the copyright protection agreement the ROC signed with the U.S. last year, and is the move that incurred such sharp criticism from the American negotiators. [sentence as received]

**SEF-ARATS Singapore Meeting Discussed**

OW1903085793 Taipei CNA in English 0830 GMT  
19 Mar 93

[Text] Taipei, March 19 (CNA)—No political issues will be discussed in the proposed meeting between the heads of the two intermediary bodies on both sides of the Taiwan straits, Mainland Affairs Council (MAC) chairman Huang Kun-hui said Thursday.

Huang held a news conference last evening to release a backgrounder detailing the purpose, schedule, location and agenda for the planned meeting between C.F. Koo, chairman of the Taipei-based Straits Exchange Foundation (SEF) and Wang Daohan, chairman of Peking's association (ARATS) [Association for Relations Across the Taiwan Strait].

Both SEF and ARATS are quasi-official organizations authorized to handle cross-strait exchanges.

The backgrounder, dubbed the Koo-Wang talk report, was the first official document on the planned talk since the ARATS proposed such a meeting in January 1992.

"The talks is expected to be a new starting point for cross-strait relations as it will seek to establish a foundation for the SEF and ARATS to play a more active role in mediating between Taiwan and the mainland," the report said.

The MAC will release a second and possibly a third report later in order to fully inform the public of the background and development of the first ever high-level cross-strait contact, Huang said.

He added that the plan for the "Koo-Wang" meeting is only tentative until final confirmation is received from the ARATS.

According to the backgrounder, the planned negotiations will be defined purely as working-level talks to solve administrative and technical issues and build up common ground for the two sides.

It suggested that the agenda should include discussion on how to resolve cross-strait disputes and how to standardize official documents and other procedures used in cross-strait exchanges.

The report said the SEF hopes that both sides can find effective solutions or at least reach a consensus on handling problems that have arisen from increased cross-strait cultural and commercial exchanges.

The SEF also hopes to institutionalize communication channels and schedule regular meetings between officials of the two organizations. More frequent meetings are needed due to the increasing number and importance of problems arising from cross strait exchanges.

The report said Singapore has tentatively been chosen as the meeting site because it is a place convenient for both sides in terms of telecommunications. "We also assume that if the meeting is held in a neutral place acceptable to both sides, the media will be able to give balanced and complete reportage," it added.

Besides Koo and his high-level aides in the SEF, professors and experts from various fields related to the issues to be discussed may also be invited to attend the meeting, Huang said.

He stressed that both sides will hold preparatory talks to finalize technical details for the Koo-Wang meeting. SEF secretary-general Cheyne Chiu has already been invited to visit Peking for preparatory talks, but the exact date for Chiu's visit has yet to be decided.

Chiu was also present at Thursday's news conference to explain preparations for the planned Koo-Wang meeting.

The opposition Democratic Progressive Party (DPP) and some Kuomintang legislators want the MAC to allow them to attend the Koo-Wang meeting as observers, but their request has not yet been approved.

Some DPP lawmakers are reportedly maneuvering to have a voice in the Koo-Wang talk whether the MAC and SEF allow them to or not.

#### Cross-Strait Trade Expected To Hit \$10 Billion

*OW1903101393 Taipei CNA in English 0757 GMT  
19 Mar 93*

[Text] Taipei, March 19 (CNA)—Indirect trade between the two sides of the Taiwan Straits is expected to hit US\$10 billion this year, according Huang Kun-hui, chairman of the Mainland Affairs Council.

In his report to a cabinet meeting Thursday [18 March] on cross-strait exchanges, Huang quoted Hong Kong

customs statistics as saying that the British colony handled Taiwan-mainland trade totalling US\$7.41 billion last year, an increase of 28 percent from a year earlier.

Taiwan exported US\$6.29 billion worth of goods to and imported US\$1.12 billion from the mainland, the same statistics showed.

Huang said that the mainland for the first time outplayed Taiwan in terms of the amount of foreign trade last year.

Quoting statistics of the General Agreement on Tariffs and Trade (GATT), Huang said that in 1991, the ROC was rated as the 14th largest trading nation in the world, one slot ahead of the mainland.

However, with its external trade expanding to US\$160 billion last year, the mainland was sure to beat Taiwan and even Spain and South Korea in its world trade ranking, Huang said.

The new GATT statistics will be available next month.

Huang warned that Taiwan's reliance on the mainland market will continue to increase, and will soon exceed the mainland's reliance on the Taiwan market.

He said that as a result of significantly increasing cross-strait trade, the degree of Taiwan's reliance on the two-way trade as a percentage of total trade volume increased from 3.32 percent in 1990 to 4.16 percent in 1991 and 4.83 percent in 1992.

By contrast, the degree of the mainland's reliance on trade with Taiwan has also increased in percentage of total trade over the past three years, from 3.5 percent in 1990 to 4.47 percent in 1992.

Huang predicted that the mainland's reliance on trade with Taiwan will begin to decline, however.

With a far bigger scale than that of Taiwan, the mainland economy is now in a high growth period, meaning rapid expansion in exports to and trade with the whole world.

#### New Zealand Customs Minister To Visit 29 Mar

*OW1903101193 Taipei CNA in English 0733 GMT  
19 Mar 93*

[Text] Taipei, March 19 (CNA)—Relations between Taiwan and New Zealand are expected to move a step closer as a minister from the down under country will come here soon.

Murray McCully, customs minister and concurrently associate tourism minister of New Zealand, is scheduled to visit Taipei from March 29 to April 1 at the invitation of the ROC-New Zealand Business Council.

The minister will be accompanied during the visit by a five-member party including Norman Geary, director of the Tourism Board, and Rick Christie, director of the Trade Development Board.

McCully will be the first cabinet-level official from New Zealand to visit here since Taipei and Wellington broke diplomatic ties in 1972.

During his stay, McCully will exchange views with government officials on ties between the two countries. He will also meet with domestic travel agencies to woo Taiwan tourists to his country.

Bill Bruce, director of the New Zealand Commerce and Industry Office in Taipei, said that the visit will help promote investment by domestic enterprises in the New Zealand tourism industry.

Taiwan is currently the 6th largest exporting market of New Zealand products. Altogether 25,000 Taiwan tourists visited the south Pacific country last year.

#### **Investment Guarantee Pact With SRV 'Expected'**

*OW1903100693 Taipei CNA in English 0741 GMT  
19 Mar 93*

[Text] Taipei, March 19 (CNA)—The Republic of China [ROC] is expected to sign an investment guarantee agreement with Vietnam within one or two months, the Industrial Development and Investment Center (IDIC) under the Ministry of Economic Affairs revealed Thursday [18 March].

IDIC said that ROC investment in Vietnam has grown rapidly in recent years. Currently the ROC is the largest foreign investor in the Indochinese country with a cumulative investment capital amounting to more than US\$1 billion. Since last year, the ROC Government has been negotiating on the signing of an investment guarantee pact to protect local business interest in Vietnam.

The ROC has already inked such guarantee agreements with Indonesia, Singapore, the Philippines and Malaysia. Vietnam will be the fifth nation in Southeast Asia to follow suit.

According to IDIC, the ROC and the Philippines are now negotiating another agreement to avoid double taxation.

IDIC said that it is still unclear when the agreement can be worked out, but it is of the opinion that the Philippine Government will take a positive attitude toward the matter in an effort to draw more ROC investment now that the two countries have agreed to jointly develop Subic Bay.

According to statistics released by IDIC, ROC investment in the Philippines has fallen noticeably in recent years. Investment in that country reached US\$123 million in 1990, while the latest data showed a sharp decline of 80 percent.

#### **Full Production of Fighters To Begin in 1994**

*OW1903101093 Taipei CNA in English 0819 GMT  
19 Mar 93*

[Text] Taipei, March 19 (CNA)—The Aero Industry Development Center (AIDC) will begin full production of the Indigenous Defense Fighter (IDF), the first locally developed fighter planes, next year, a ranking official reported Thursday [18 March].

Hua Shi-chun, director of the Taichung-based Warplane Development Center, said the AIDC will deliver the IDFs to ROC [Republic of China] Air Force at the rate of two planes per month starting next year.

The center, a research and manufacturing arm of the military-run Chungshan Institute of Science and Technology, is endeavoring to shorten the time for producing an IDF from the current 16 months to less than a year, Hua noted.

The Air Force previously ordered 250 IDFs from the center, but has cut the order to 135 after the United States and France agreed to sell advanced jet fighters to Taiwan, Hua revealed.

He reported that the center has delivered four twin-seat and two single-seat IDFs to the Air Force for testing and evaluation. It is scheduled to deliver another single-seat fighter plane in May and five more single-seat IDFs before the end of this year, Hua said.

He added that the center aims to deliver 36 IDFs to the Air Force by December 1994. There are currently 14 IDFs on the center's assembly line. The center will introduce a management information system (MIS) to reduce the assembly time from the current 16 months to within 12 months.

Hua said the Air Force decision to cut its IDF order may have an adverse impact on the nation's aerospace research and production program, including the scaling-back of current plans to upgrade IDF performance.

Government sources said the AIDC may be re-organized into a non-military corporation, a move that will allow the center to manufacture parts for F-16 fighters or commercial airliners.

#### **Cabinet Approves Government Budget for FY 1994**

*OW1903100893 Taipei CNA in English 0804 GMT  
19 Mar 93*

[Text] Taipei, March 19 (CNA)—The cabinet in a regular meeting Thursday [18 March] approved a central government budget of NT\$1.1 trillion (US\$42.6 billion) for fiscal 1994 beginning on July 1.

The budget, still pending the deliberation of the Legislative Yuan, marks a slight increase of 3.5 percent over the preceding fiscal year.

The increase pales by comparison with fiscals 1992 and 1993, during which government budgets advanced by a hefty 17.5 percent and 13.2 percent respectively to finance the six-year infrastructure plan.

While saying the economy would slow as a result of the scaling down of the government budget, a Finance Ministry official emphasized that pruning the inflated government budget is necessary if the nation's financial conditions are to be kept reasonably sound.

The Council for Economic Planning and Development (CEPD), the nation's highest economic planning body, is considering revising the projected economic growth rate of 6.6 percent for the next calendar year, a CEPD official commented.

The income of civil servants will be raised by 8 percent under the budget.

Military spending accounted for 22.8 percent of the total outlays, down 1.3 percentage points from the present fiscal year. The ratio also represents the lowest level since the Government of the Republic of China withdrew to Taiwan in 1949.

National Defense Minister Sun Chen said he was afraid that the combat readiness of the Armed Forces could be undermined because of the reduction in military expenditures.

The cabinet at the same time passed two other special budgets to finance the purchase of high performance jet fighters and key transportation development projects.

The acquisition of 150 F-16s and 60 French Mirage 5000-5 combat aircraft is estimated to cost NT\$320 billion, which will be paid in nine fiscal years.

The transportation projects include an expressway along the western coast of the island, the mass rapid transit system for the greater Taipei area, additional sections of the second freeway, the high-speed railway system, several east-west expressways, and the broadening of the present freeway in the Tunghu and Wuku section.

### **Economy 'Bright Spot,' Deficit 'Alarming'**

OW1903101493 Taipei CNA in English 0813 GMT  
19 Mar 93

[Text] Taipei, March 19 (CNA)—Taiwan's economy remained one of the world's bright spots last year, the government announced Thursday [18 March].

A report released by the Directorate General of Budget, Accounting and Statistics (DGBAS) said that Taiwan's 6.1 percent economic growth in 1992 outperformed the advance in major industrialized countries as well as other "Asia's four little dragons"—South Korea, Singapore, and Hong Kong.

The world economy rose an average 0.5 percent last year, while growth in South Korea, Singapore, and Hong Kong stood at 4.9 percent, 5.8 percent, and 5.0 percent respectively.

The top statistical agency forecast that the growth will leap to 6.6 percent this year, shored up by the gradual upturn of the world economy, moderate expansion of exports, rising trade ties across the Taiwan Straits, and the promotion of domestic investments.

Gross national product (GNP), the country's total output in goods and services, amounted to NT\$5.3 trillion (US\$211 billion) last year, ranking the world's 20th highest. Per capita gnp, totaling NT\$257,086 (US\$10,215), was placed the world's 25th.

This is the first time that this country's per capita income had exceeded the psychologically important mark of US\$10,000, DGBAS officials noted.

Average household income of the top 20 percent was five times that of the lowest 20 percent bracket in 1991, a slight decline from 1990's 5.2 times and also the first fall since 1980.

The income gap proportion was higher than Japan's 4.6, but lower than the 8.9 in the United States, Singapore's 9.5, and South Korea's 5.7.

The figures are solid evidence of equal distribution of wealth in Taiwan, the officials pointed out.

But, they added, there are still several alarming trends despite the overall remarkable economic performance.

The report showed that the government spending has increased substantially in the past few years, from 20.5 percent of GNP in fiscal 1987 to 31.7 percent of GNP in fiscal 1993 which began July 1, 1992 and ends June 30, 1993.

By comparison, the ratio of government revenues to GNP rose only from 20.8 percent to 22.6 percent.

As a result, the worsening government deficit totaled NT\$527.4 billion (US\$20.28 billion) in fiscal 1993, making up for 9.1 percent of GNP.

Aggregate outstanding government debts reached as high as NT\$1.5 trillion (US\$56.85 billion) in fiscal 1993, taking 26.6 percent of GNP, a more than five-time jump as compared with 5 percent of fiscal 1987.

Commodity prices grew at an annual rate of 4.5 percent in 1992, up slightly from the average 4.1 percent in the previous three years, while wholesale, import, and export prices slipped 3.1 percent, 7.3 percent, and 5.4 percent separately.

Other negative sides to the nation's state of economic development include a drop in savings, an increase in environmental pollution, and the snowballing trade deficit with Japan which reached US\$12.9 billion last year.

## Hong Kong

### Governor 'Here To Stay,' Stands Firm on Policy

HK1803122093 Hong Kong Television Broadcasts Limited in English 1110 GMT 18 Mar 93

[From the "News at 7:10" program]

[Text] The governor meanwhile says it makes no difference whether or not he stays in Hong Kong so long as there is continuity in British policy toward the territory. Chris Patten rejects claims that Sino-British talks have been jeopardized because of technicalities on who should represent Britain. Jenny Lam reports.

[Begin recording] [Lam] Chris Patten is here to stay—that's the message from the governor this afternoon amid the Chinese Government's aversion against him. But he admitted that the continuity of British policy in the territory is more important than his presence.

[Patten] If for some reason—the intervention of the Almighty or whatever—I wasn't going to be here, it couldn't make any difference, because the policy that I am pursuing is the policy of the United Kingdom Government.

[Lam] On the personal attacks against him, he believes it's because China is in a weak position to argue.

[Patten] It's sometimes said, I think, that when you play the man rather than the ball, as football managers would say, it's perhaps you're not very well placed to conduct a rational argument because you don't have very strong arguments or evidence on your side. That's sometimes said, I think.

[Lam] He would not budge on Hong Kong officials being full members of the British negotiating team. And he seeks guarantee on a through train should talks reopen with China.

[Patten] There's been a lot of discussion over the months about the through train. And we'd like to hear from Chinese officials how real an object this is; whether it's really the case.

[Lam] He admitted talks resumption is now difficult. But it's imminent that Legco [Legislative Council] would have to conclude on electoral arrangements in the coming months. [end recording]

### Government To Press On With Reforms

HK1903091893 Hong Kong AFP in English 0859 GMT 19 March 93

[Text] Hong Kong, March 19 (AFP)—Governor Chris Patten said Friday [19 March] the Hong Kong Government must press on with his pro-democracy bill, even if China continues to refuse to discuss it.

"Obviously, if talks is impossible for the time being, we must get on with the business in the government in Hong Kong," Patten told reporters.

He said his cabinet of advisors, the Executive Council, would discuss Tuesday whether to submit the constitutional reform bill for debate at the Legislative Council, which is to vote the proposals into law.

This week Chinese officials called Patten "a man of guilt" for going ahead with his proposals to extend the electoral franchise in Hong Kong before the colony reverts to China in 1997.

The move followed an unsuccessful bid to open Sino-British talks on the issue, although Patten has said that London is still ready at any time to discuss political reform with Beijing.

"I'm sure the Legislative Council will discuss the pressing matter as soon as possible," Patten said.

Michael Sze, secretary for constitutional affairs, said the bill must be introduced to the Legislative Council by the end of March and passed by the end of July.

In Beijing, British ambassador to China Robin McLaren said the door for talks with China remained open even if Patten's bill had been passed to the Legislative Council.

McLaren said "if we can't talk to China for it, we have to continue with the plan to allow the Legislative Council to debate on it."

Meanwhile, Patten said in an interview with the Asian Wall Street Journal: "I believe the Legislative Council will agree to proposals that are sensible and in Hong Kong's interests and not a threat to anyone."

"I'd be very surprised if China felt obliged to tear them to pieces in 1997," he added.

Beijing upped the ante on Thursday, saying British trade with China could suffer as a result of Patten's initiative.

### XINHUA Says Patten Actions 'Sabotage'

OW1903105693 Beijing XINHUA in English 1042 GMT 19 Mar 93

[Text] Hong Kong, March 19 (XINHUA)—A high-ranking Chinese official said that the British Hong Kong authorities should do nothing harmful to the interests of Hong Kong and the relations between China and Britain.

Zheng Guoxiong, deputy director of the Hong Kong branch of the XINHUA NEWS AGENCY, made the remarks here Thursday [18 March] when asked about his comment on the possible submission of the political bill by the Hong Kong government to the legislative council for discussion.

The deputy director urged the public to make right judgements whether every step taken by Patten is to

maintain the Sino-British relations or deepen the differences between the two countries and whether it is for the interests of the Hong Kong people or on the contrary.

"Due to the sabotage committed by Chris Patten, the Sino-British relationship has become as it is at present," Zheng said. He added that Patten should be held responsible for all the consequences arousing therefrom.

Zheng described it as a "political trick" when Patten now demands again for resuming talks after he has done so much intentionally to disrupt the resumption of Sino-British talks.

"This political trick is designed to mislead the public, evade himself from blame and shirk the historical responsibility he should bear," he said.

He noted what Patten has said and done during the process of diplomatic exchanges between China and Britain has revealed his lacking sincerity about reopening Sino-British talks.

It took quite a long time for him to say that the talks should be based on the Sino-British declaration, the principle of convergence with the basic law and understandings and agreements already reached between the two countries.

However, Patten alleged that his constitutional package is in accordance with the Sino-British declaration, the principle of convergence with the basic law and the understandings and agreements, Zheng said. "As every one knows, it is not true," Zheng stressed.

#### **Editorial on 'Consequences' of Challenging China**

*HK1903111693 Hong Kong WEN WEI PO in Chinese  
19 Mar 93 p 2*

[Editorial: "Chris Patten Must Accept Consequences of Challenging China's Sovereignty"]

[Text] When speaking on the Hong Kong issue in his "Government Work Report," Li Peng pointed out: "We wish for cooperation not confrontation, but the Chinese Government will never barter away its principles. Now, the British side has created artificial obstacles to cooperation again, so the British Government should be responsible for all the serious consequences arising therefrom."

What does "never bartering away its principles" mean? During his meeting with deputies to the National Peoples Congress [NPC] and members of the Chinese People's Political Consultative Conference [CPPCC] from the Hong Kong and Macao regions, Li Peng dwelt on the following three principles: 1) Hong Kong will definitely return to China in 1997, and China will certainly resume its sovereignty over Hong Kong. 2) "One country, two systems" will be practiced in Hong Kong to maintain Hong Kong's prosperity and stability. 3) Sino-British cooperation is necessary for achieving a smooth transfer.

The actions of the British Hong Kong authorities in gazetting Patten's package and claiming that it will be delivered to the Legislative Council for debate at the end of this month have proven that the British lack sincerity in negotiations and cooperation to facilitate a smooth transfer. Now it is clear to all that a unanimous opinion had almost been reached and negotiations were about to begin through diplomatic contacts by the two countries. However, Patten again used the issue of the status of Hong Kong officials at the talks to create obstacles and undermine the negotiations.

By so doing, the British Hong Kong authorities will unilaterally implement changes to the political system in disregard of the Joint Declaration, the Basic Law, and the agreements and understanding reached between the two countries in an attempt to disrupt the smooth transition and turn Hong Kong into a semi-independent political entity, under which they can foster pro-British and anti-Chinese figures as their agents and promote "returning political power to Hong Kong" in order to prolong British colonial rule in Hong Kong and render China's sovereignty and the Basic Law mere figureheads. The British side's actions are intended to create trouble during the handover of political power and challenge China's determination and ability to resume sovereignty over Hong Kong and maintain Hong Kong's long-term prosperity and stability. According to the provisions of the Sino-British Joint Declaration, China and Britain must cooperate to ensure a smooth transition. Now, the British side has discarded the mechanism of consultation and cooperation between China and Britain and has deliberately created a situation in which the political system fails to converge with the Basic Law. That is, the British side threw down the gauntlet to China on the three principles of China's resumption of sovereignty over Hong Kong, guarantees for practicing one country, two systems in Hong Kong in the future, and cooperation between China and Britain. Under these circumstances, how can China make concessions?

If we make concessions on issues of principle, the handover of political power will be empty talk, and China will be unable to resume sovereignty over Hong Kong and put "one country, two systems" into effect, except by losing face in the international community. Therefore, China will by no means barter away its principles. Though it is still possible to compromise on minor issues, on the issue of sovereignty, China will not make concessions by one iota.

This time, negotiations between China and Britain will be ones aimed at resolving whether or not Sino-British agreements will be implemented. Hence, they will be negotiations between two sovereign states, and officials at local level cannot take part in them as representatives. Previously, the British side has used the government at local level to reject agreements reached between the two sovereign states, which is a serious violation of the international law. The British side has signed agreements but has failed to bind governments and officials at lower levels under its authority to implement them. This is a

breach of faith. Up to now, the British side is still playing a trick by denying that negotiations this time will be between two sovereign states. What on earth is it up to? After results are yielded by negotiations, will it play its old tricks again to refuse their implementation? To create a "tripod," Patten's assertions that British Hong Kong Government officials and those of the British Government are on equal footing, and that officials of the British Hong Kong Government cannot be downgraded, and so on, are untenable. There can be no doubt that the British Government is a higher authority than the British Hong Kong Government, how can it be in an equal position with its local government? And how can a local government be an adversary in negotiations between sovereign states?

The British side has purposely set forth difficult issues, erected obstacles, and has refused to act according to agreements between the two countries, thinking that China would be utterly helpless. This is indeed going too far! Every Chinese is indignant at this. The Chinese Government is serious in pointing out that "the British Government should be responsible for all the serious consequences arising therefrom," and it means what it says. Li Lanqing, minister of foreign economic relations and trade, pointed out yesterday: "All the serious consequences should also include consequence in economic relations and trade."

The development of events at present indicates that the British side is going farther and farther along the dangerous road of violating the Sino-British Joint Declaration. In a televised speech yesterday, Patten brazenly flaunted the banner of "returning the political power to Hong Kong," and said: "We will exercise the administration of Hong Kong under British sovereignty up to 30 June 1997, and then hand over our responsibility to the Hong Kong people." This is another naked disruption of the Sino-British Joint Declaration, which stipulates that Britain should hand over political power to China. There are definite provisions in both the text and Appendix Two. Instead of returning political power to China, Patten wants to "return it to Hong Kong," and those agents of his are being produced from a political system which he has unilaterally designed. His malicious intentions are all too clear. If the British side allows Patten to continue to act recklessly, British interests will certainly be damaged. Britain will commit a historical blunder if it miscalculates China's determination and strength.

#### Association Urges Patten To Withdraw Bill

OW1803161993 Beijing XINHUA in English 1539  
GMT 18 Mar 93

[Text] Hong Kong, March 18 (XINHUA)—The Hong Kong Chinese Importers' and Exporters' Association today voiced full support to China's position on the issue of Hong Kong as presented by Premier Li Peng in his work report to the ongoing Eighth National People's Congress session.

At its Standing Committee meeting, the association urged Hong Kong Governor Chris Patten to change his course, withdraw the political reform bill and show sincerity for the resumption of the Sino-British talks.

Many association members expressed anxiety that prolonged tension between China and Britain would dampen economic development, affect the stock market and shake investment confidence in the territory.

#### Shenzhen, Zhuhai To Continue Cooperation

HK1903050493 Hong Kong WEN WEI PO in Chinese  
19 Mar 93 p 2

[Dispatch from Beijing by staff reporting group: "Shenzhen and Zhuhai Mayors Stress That Sino-British Deadlock Will Not Affect Cooperation Between Their Cities and Hong Kong"]

[Text] Beijing, 18 Mar (WEN WEI PO)—Shenzhen Mayor Li Youwei and Zhuhai Mayor Liang Guangda said here today that they fully support the solemn and just stand on the Hong Kong issue as stated by Premier Li Peng in the "Government Work Report."

Regarding the question of whether the current deadlock between the Chinese and British sides would affect cooperation between Shenzhen and Hong Kong and between Zhuhai and Hong Kong, the two mayors said: This will not be affected, because the cooperation between Shenzhen and Hong Kong and between Zhuhai and Hong Kong is neither decided by Patten himself nor by Patten's political reform package but by whether China's situation is favorable. As long as the situation in China and Guangdong is very good, economic cooperation between both sides will become closer and closer, and this point has been proven by facts. Shenzhen attracted 2.5 billion yuan of foreign investment last year, of which 88 percent was investment from Hong Kong. Moreover, most of this investment represented long-term cooperation in infrastructure construction by large commercial firms and groups.

Li Youwei said: Rather than having the British Hong Kong Government in mind, we are concerned with the interests of the vast numbers of Hong Kong people. Hence, Shenzhen will continue to guarantee the supply of water, vegetables, and non-staple foods to Hong Kong and will continue to strengthen cooperation in fighting crime and smuggling.

#### Jiang Zemin Fetes Publisher; Discusses Situation

OW1903112593 Beijing XINHUA in English 1106  
GMT 19 Mar 93

[Text] Beijing, March 19 (XINHUA)—Jiang Zemin, general secretary of the Chinese Communist Party Central Committee, met with Louis L.Y. Chan, board chairman of the "MING BAO" group of Hong Kong, here this afternoon.

During the meeting, Jiang had a friendly conversation with Chan and briefed him on the situation of China's reform and opening drive.

Touching the Hong Kong issue, Jiang said that China will abide by the Sino-British Joint Declaration, carry out the Basic Law of the Hong Kong Special Administrative Region, go all out to maintain Hong Kong's stability and prosperity and ensure a smooth transition and the realization of "one country, two systems" in Hong Kong.

Jiang said that China is willing to have talks with the British side, but it will "never barter away principles."

The talks should be on the basis of the Sino-British Joint Declaration, the Basic Law of Hong Kong and understandings that have already been reached between the two sides, he added.

Jiang said that the talks should be conducted between the Chinese and British governments and a third side is not allowed "to poke its nose into this."

Ding Guangen, member of the Political Bureau and the Secretariat of the party Central Committee, Lu Ping, director of the Hong Kong and Macao Affairs Office of the Chinese State Council, Zhou Nan, director of the Hong Kong branch of XINHUA NEWS AGENCY, and Zeng Jianhui, director of the Information Office of the State Council, were present at the meeting.

After the meeting, Ding hosted a dinner in honor of Chan.

Chan is here as guest of the Information Office under the Chinese State Council.

#### Russia To Open Consulate in Hong Kong by 1994

*HK1703134093 Hong Kong Asia Television Limited in English 1200 GMT 17 Mar 93*

[From the "Main News" program]

[Text] Russia is to open a consulate in Hong Kong by the end of the year. As Morland Sanders reports, it sees Hong Kong as an integral part of its economic development:

[Begin recording] [Sanders] If there was any evidence needed to prove how Hong Kong-Moscow relations have taken a massive leap over the past few months, then this is it. It's official: The Russians are coming.

[Russian Foreign Ministry official Yevgeniy Afanasyev] Our plans are to send an advance team for the consulate general in the next few months. And these people will be putting our office here and preparing for the full opening of the consulate general.

[Sanders] The announcement is the latest in a series of moves aimed at closing [as heard] ties between the world's largest country and Hong Kong. But unfortunately most of the post-cold war spirit is blowing from

the north. Hong Kong has still failed to relax its tough visa restrictions on Russian citizens, and Kremlin officials admit it's a hindrance to bilateral trade. Nevertheless, Moscow is determined to do business with the territory.

[Afanasyev] We look at other countries and see many successful stories of (preparation) here by other countries, so Russia would like to be a part of this process. We would like to integrate our economy, especially far eastern regions, to this, and we don't see how we can do it without Hong Kong.

[Saunders] Mr. Afanasyev says the 20-member consulate will also look at the concerns of White Russians living here in Hong Kong and the transition process in 1997. He predicts it's just the start of a blossoming relationship between Hong Kong and Russia.

#### Macao

#### UK 'Attempts' To Control Hong Kong Interests

*OW1903105193 Beijing XINHUA in English 1027 GMT 19 Mar 93*

[Text] Macao, March 19 (XINHUA)—Britain attempts to turn Hong Kong into a semi-independent political entity in a bid to maintain its colonial interests there after 1997, a major newspaper said here today.

"This is the crux of the present Sino-British controversy, by grasping which people can see through phenomena and would not be puzzled by the cloak of democracy," the journal "VA KIO" said in a commentary.

The commentary said that China and Britain have taken conflicting approaches from the very beginning of the dispute on Hong Kong's future.

China, in the interest of the country's reunification, decided to resume the exercise of sovereignty over Hong Kong and set up a special administrative regional government under the central authorities to practise the "one country, two systems" concept.

To preserve the long-term stability and prosperity in Hong Kong, China also announced a series of policies including Hong Kong people ruling Hong Kong, high-degree autonomy, keeping the existing social and economic systems and life style in Hong Kong unchanged for 50 years.

In the face of China's solemn stance and reasonable arrangements for the future of Hong Kong, Britain reluctantly signed the joint declaration and paid lip service to the basic law for the future special administrative region.

However, the commentary said, Britain would not resign itself from what had happened and tries to use anti-China forces to perpetrate a fraud with a view to preserving its colonial interests in Hong Kong.

"Bearing this in mind, people can distinguish between wrong and right in the current Sino-British controversy on the political arrangements in Hong Kong," the commentary concluded.

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